

**WASHINGTON STATE
GAMBLING COMMISSION**

Title 230 WAC

**REFLECTS CHANGES THROUGH
ADMINISTRATIVE ORDER #437
For September 2001 Rules Manual**

Administrative Orders for Chapter 230-02 WAC

Administrative Order #433 Effective 9/12/04

WAC 230-02-030 Normal commission operations – Administrative office address and business hours.

(1) The administrative office of the commission is located in Lacey, Washington. Services available are administration, information, licensing, investigation, activity report processing, and public records. Unless specifically provided elsewhere in these rules, applications for licenses, submission of materials or requests for notices or information of any kind, may be made by addressing correspondence to:

Mailing Address	Location Address
Washington State Gambling Commission P.O. Box 42400 Olympia, WA 98504- 2400	Washington State Gambling Commission 4565 7th Avenue S.E. Lacey, WA 98503

(2) Normal business hours for the administrative office, unless specifically provided elsewhere in these rules, shall be 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding legal holidays.

Administrative Order #433 Effective 9/12/04

WAC 230-02-035 Field offices and operations.

The administrative office of the commission and its staff is located at 4565 7th Avenue, S.E., Lacey, WA 98503. The mailing address is: P.O. Box 42400, Olympia, WA 98504-2400. Commission offices located in other cities are as follows:

City		Telephone Number
Eastern Region	N 901 Monroe, Rm. 240 Spokane 99201	509-329-3666
	1703 Creekside Loop Suite 120, Yakima 98902	509-575-2820
Northwest Region	3501 Colby Avenue Suite 102 Everett 98201	425-339-1728
	851 Coho Way #201 Bellingham 98225	360-738-6203
	451 Southwest 10th St. Plaza 451 Building Suite 218 Renton 98055	425-277-7014
Southwest Region	Tacoma Mall Office Building - 4301 Pine St. #307 Tacoma 98409-7206	253-471-5312

Administrative Order #413 Effective 7/1/02

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-02-145 Promotional marketing gifts.

Administrative Order #436 Effective 1/1/05

WAC 230-02-205 Gambling service supplier defined. A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

(a) Providing consulting or advisory services regarding gambling activities;

(b) Providing gambling related management services;

(c) Providing financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;

(d) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;

(e) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer;

(f) Providing installation, integration, maintenance, or any other service of digital surveillance systems that allows direct access to the operating system; or

(g) Training individuals to conduct authorized gambling activities.

(2) The term "gambling services supplier" does not include the following:

(a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;

(b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;

(c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; and

(d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services does not exceed twenty thousand dollars during any calendar year.

Administrative Order #421 Effective 7/1/03

WAC 230-02-412 Gambling equipment defined.

For purposes of this title, gambling equipment means any device, gambling related software, expendable supply or any other paraphernalia used in conjunction with or to facilitate gambling. Gambling equipment includes, but is not limited to:

- (1) Amusement games;
- (2) Punch boards and pull-tabs;
- (3) Devices for dispensing pull-tabs;
- (4) Electronic devices for conducting, facilitating or accounting for the results of gambling activities, including, but not limited to:
 - (a) Components of a tribal lottery system;
 - (b) Electronic devices for reading and displaying outcomes of gambling activities; and
 - (c) Accounting systems that are a part of, or directly connected to, a gaming system including, but not limited to:
 - (i) Bet totalizers;
 - (ii) Progressive jackpot meters; or
 - (iii) Keno systems;

(5) Bingo equipment, as defined in WAC 230-02-250;

(6) Equipment or machinery utilized for the manufacture of gambling equipment when such equipment is designed primarily for such purpose;

(7) Devices and supplies used to conduct card games, fund-raising events, recreational gaming activities, or Class III gaming activities, as defined in the Indian Gaming Regulatory Act at U.S.C. 25 chapter 29 § 2703 and in Tribal-State compacts, including, but not limited to:

- (a) Gaming chips;
- (b) Cards;
- (c) Dice;
- (d) Card shuffling devices;
- (e) Graphical game layouts for table games;
- (f) Ace finders or no-peek devices;
- (g) Roulette wheels;
- (h) Keno equipment; and
- (i) Tables manufactured exclusively for gaming purposes.

Administrative Orders for Chapter 230-04 WAC

Administrative Order #412 Effective 7/1/02

WAC 230-04-064 Certification of new licenses – Formal commission approval. The commission shall review and make a determination regarding the qualification of all persons or organizations requesting to operate gambling activities authorized by chapter 9.46 RCW. The following review procedures apply to applicants for a license:

Procedures.

(1) To determine if an individual, organization, and all other applicants for a gambling license are qualified to hold a license, staff shall:

- (a) Investigate the qualifications of each applicant;
- (b) Prepare a recommendation for the commission; and
- (c) Present the recommendation to the commission at a public meeting.

Additional requirements for charitable organizations.

(2) As part of the review process, bona fide charitable or nonprofit organizations shall clearly demonstrate that progress has been made in meeting its stated purpose(s) in order to be granted the privilege of raising funds from authorized gambling activities.

Formal commission approval.

(3) The commission shall review each application at a public meeting. Each qualified applicant shall be issued the license requested. If the commission does not approve the application, it shall be returned to staff for further investigation.

Administrative Order #421 Effective 7/1/03

WAC 230-04-110 Licensing of manufacturers. A license must be obtained from the commission prior to manufacturing, selling, or supplying gambling equipment to any person(s) within this state, or for use within this state: Provided, That amusement game manufacturers and manufacturers operating under a special sales permit (WAC 230-04-115) do not require a manufacturer's license. The following requirements apply to certification and licensing of manufacturers:

Information required on an application.

(1) The following information shall be submitted on an application form supplied by the commission:

- (a) The full name and address of the applicant;
- (b) The full name and address of each location where such devices are manufactured or stored;
- (c) The name, home address, and share of ownership of all owners of the manufacturing business if the business is not a corporation. If the business is a corporation, the name, address, and share of ownership of the officers, the directors, and substantial interest holders;
- (d) A full description of each separate type of gambling equipment or device that an applicant seeks to manufacture or to market in this state;

(e) The brand name under which each type of gambling device or equipment is sold;

(f) If the applicant is incorporated under laws other than the laws of Washington state, then the full name and business and home address of the resident agent designated by the applicant pursuant to WAC 230-12-300; and

(g) A list of all distributors receiving gambling equipment and all businesses or organizations located within the state of Washington in which the applicant has any financial interest and the details of that financial interest. For the purpose of this subsection, the term financial interest shall include all arrangements through which a person directly or indirectly receives any portion of the profits of the licensed manufacturer and indebtedness between the licensee and any other person, other than a regulated financial institution, in excess of five thousand dollars.

Information to be included with an application.

(2) The following information shall be included as an attachment to the application form:

(a) A list of all affiliated businesses or corporations in which the applicant, officers, directors, or substantial interest holders of the applicant, either directly or indirectly, own or control:

- (i) As a sole proprietor;
- (ii) As a partner;
- (iii) More than fifty percent of the voting stock of a privately held or closed corporation; or
- (iv) At least five percent of the voting stock of a publicly traded corporation.

(b) A list of all businesses or corporations licensed to conduct gambling activities or to supply gambling-related equipment, supplies, or services in which the applicant, officers, directors, or substantial interest holders of the applicant have any interest;

(c) A list of all jurisdictions in which the applicant or any of the officers, directors, or substantial interest holders of the applicant have been licensed regarding gambling related activities at any level during the preceding ten years;

(d) A statement regarding whether the applicant or officers, directors, or substantial interest holders have ever had a license for gambling-related activities denied, revoked, or suspended by any jurisdiction for a period longer than thirty days. All details of such must be provided as a part of the application; and

(e) A statement acknowledging that all records related to the ownership or operation of the business shall be made available for review at the time and place requested by commission staff.

Additional information may be required from applicant.

(3) The following records shall also be available for inspection by commission staff:

- (a) Personal financial records of all substantial interest holders;
- (b) All records related to the scope of activity, including sales of product, purchases of raw materials

and parts, and any contracts, franchises, patent agreements, etc., related to sales or purchases; and

(c) Records related to any financial or management control of or by customers and suppliers.

Applicant to demonstrate ability to comply with rules.

(4) An applicant must demonstrate the ability to comply with all manufacturing, quality control, and operational restrictions imposed on authorized gambling equipment, patented or otherwise restricted gaming schemes (also referred to as proprietary games), or equipment that it seeks to manufacture or market for use within the state of Washington. The licensing process shall include an on-site review of the applicant's manufacturing equipment and process for each separate type of authorized gambling device, equipment, or scheme to ensure capability to comply with all regulatory requirements of this title and state/tribal compacts;

Notifying commission staff of changes on an application.

(5) The applicant shall notify the commission within thirty days of any change in the information submitted on or with the application form, including changes that occur after the license has been issued; and

Applicant to comply with all laws and rules.

(6) The applicant shall comply with all applicable laws of the United States and the state of Washington and all applicable rules of this commission.

Administrative Order #415 Effective 9/13/02

WAC 230-04-180 Background checks – Fingerprinting. The commission may require background checks prior to issuing any license, certification or permit, on persons holding an interest in a gambling activity; persons holding an interest in a building or equipment used for a gambling activity; and employees of a gambling activity.

(1) A national criminal history background check, using fingerprints submitted to the United States Department of Justice -Federal Bureau of Investigation, shall be conducted to determine the qualifications of applicants for the following licenses, permits or certifications:

(a) Amusement games for commercial use: Class E and above;

(b) Card games: Class E, Class F and house-banked card rooms;

(c) Punch boards/pull-tabs for commercial stimulant: Class F and above;

(d) Manufacturers: Class B and above;

(e) Distributors: Class B and above;

(f) Gambling service suppliers;

(g) Representatives for distributors, manufacturers, gambling service suppliers, and linked bingo prize providers;

(h) Managers of commercial gambling operations;

(i) Public card room employees; and

(j) Linked bingo prize providers.

(2) The commission may require a national criminal history background check, using fingerprints submitted to the United States Department of Justice-Federal Bureau of Investigation, for any other person submitting information to the commission.

Administrative Order #429 Effective 7/1/04

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-04-192 Person to hold one bingo license and one amusement game license at a time.

Administrative Order #429 Effective 7/1/04

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-04-196 The commission may issue Class A or B bingo operator's licenses authorizing the conduct of the games at up to three separate locations.

Administrative Order #417 Effective 6/30/03

WAC 230-04-202 Fees – Bona fide charitable/nonprofit organizations. Bona fide charitable and nonprofit organizations shall submit the following fees to the commission when applying for gambling licenses, permits, miscellaneous changes, inspection services, or when assessed the cost of special investigation procedures by the commission:

LICENSE TYPE	DEFINITION	FEE
1. AMUSEMENT GAMES		
(Fee based on annual gross gambling receipts)		
* Class A	Premises only	\$ 54
Class B	Up to \$ 10,000	\$ 54
Class C	Up to \$ 25,000	\$ 294
Class D	Up to \$ 50,000	\$ 472
Class E	Over \$ 50,000	\$ 822

* Allows a charitable or nonprofit organization to enter into a contract with Class "B" or above commercial amusement game licensee to locate and operate amusement games on their premises.

2. BINGO GROUP

(Fee based on annual gross gambling receipts)

VARIANCE*				
Class A	Up to \$	25,000	\$ 1,000	\$ 54
Class B	Up to \$	75,000	\$ 1,000	\$ 171
Class C	Up to \$	150,000	\$ 2,000	\$ 350
Class D	Up to \$	350,000	\$ 4,000	\$ 944
Class E	Up to \$	650,000	\$ 8,000	\$ 1,590
Class F	Up to \$	1,500,000	\$ 15,000	\$ 3,196
Class G	Up to \$	2,000,000	\$ 23,000	\$ 4,612
Class H	Up to \$	3,000,000	\$ 30,000	\$ 6,162
Class I	Up to \$	4,000,000	\$ 38,000	\$ 7,700
Class J	Up to \$	5,000,000	\$ 45,000	\$ 9,238
Class K	Up to \$	6,000,000	\$ 53,000	\$ 10,364
Class L	Up to \$	7,000,000	\$ 60,000	\$ 11,846
Class M	Up to \$	8,000,000	\$ 65,000	\$ 13,330
Class N	Up to \$	9,000,000	\$ 70,000	\$ 14,500
Class O	Up to \$	10,000,000	\$ 75,000	\$ 16,000
Class P	Up to \$	11,000,000	\$ 80,000	\$ 17,500
Class Q	Up to \$	12,000,000	\$ 85,000	\$ 21,000
Class R	Up to \$	13,000,000	\$ 90,000	\$ 24,000
Class S	Up to \$	14,000,000	\$ 95,000	\$ 27,000

* A licensee will be allowed a one-time variance for each license class without having to upgrade or pay the penalties set forth in WAC 230-04-260: Provided, That a licensee utilizing the variance shall be required to upgrade to the higher license class upon renewal.

3. CARD GAMES

Class A	General (Fee to play charged)	\$ 589
Class B	Limited card games - hearts, rummy, pitch, pinochle, and cribbage (Fee to play charged)	\$ 171
Class C	Tournament only - no more than ten consecutive days per tournament	\$ 54
Class D	General (No fee to play charged)	\$ 54

4. FUND-RAISING EVENT

Class A	One event - not more than 24 consecutive hours	
	First time applicant	\$ 350
	* Previously licensed applicant	\$ 206
Class B	One event - not more than 72 consecutive hours	
	First time applicant	\$ 589
	* Previously licensed applicant	\$ 361
Class C	Additional participant in joint event (not lead organization)	\$ 171
Class D	Limited fund-raising event (one event - not more than six consecutive hours)	
	First time applicant	\$ 154
	** Previously licensed applicant	\$ 103

4. FUND-RAISING EVENT

Class E	Fund-Raising Event Equipment Distributor - rents or leases, equipment for fund-raising event or recreational gaming activity for no more than ten times per year.***	\$ 233
Class F	Fund-Raising Event Equipment Distributor - rents or leases equipment for fund-raising event or recreational gaming activity more than ten times per year.	\$ 589

* Provides for a reduced fee when charitable and nonprofit organizations apply for an additional Class A or Class B fund-raising event.

** Provides for a fee reduction when charitable and nonprofit organizations apply for an additional Class D limited fund-raising event.

*** Charitable and nonprofit organizations licensed to conduct fund-raising events may rent their equipment up to four occasions during the term of the license without getting licensed as a distributor.

5. PUNCH BOARDS/PULL-TABS

(Fee based on annual gross gambling receipts)

VARIANCE*				
Class A	Up to \$	50,000	\$ 5,000	\$ 561
Class B	Up to \$	100,000	\$ 5,000	\$ 1,002
Class C	Up to \$	200,000	\$ 10,000	\$ 1,892
Class D	Up to \$	300,000	\$ 10,000	\$ 2,750
Class E	Up to \$	400,000	\$ 10,000	\$ 3,552
Class F	Up to \$	500,000	\$ 10,000	\$ 4,288
Class G	Up to \$	600,000	\$ 10,000	\$ 4,970
Class H	Up to \$	700,000	\$ 10,000	\$ 5,594
Class I	Up to \$	800,000	\$ 10,000	\$ 6,162
Class J	Up to \$	1,000,000	\$ 20,000	\$ 6,986
Class K	Up to \$	1,250,000	\$ 25,000	\$ 7,756
Class L	Up to \$	1,500,000	\$ 25,000	\$ 8,470
Class M	Up to \$	1,750,000	\$ 25,000	\$ 9,058
Class N	Up to \$	2,000,000	\$ 25,000	\$ 9,594
Class O	Up to \$	2,500,000	\$ 30,000	\$ 10,542
Class P	Up to \$	3,000,000	\$ 35,000	\$ 11,200
Class Q	Up to \$	4,000,000	\$ 40,000	\$ 13,200
Class R	Up to \$	5,000,000	\$ 50,000	\$ 15,000
Class S	Up to \$	6,000,000	\$ 60,000	\$ 17,000
Class T	Up to \$	7,000,000	\$ 70,000	\$ 19,000
Class U	Up to \$	8,000,000	\$ 80,000	\$ 21,000
Class V	Over \$	8,000,000	\$ 80,000	\$ 23,000

* A licensee will be allowed a one-time variance for each license class without having to upgrade or pay the penalties set forth in WAC 230-04-260: Provided, That a licensee utilizing the variance shall be required to upgrade to the higher license class upon renewal.

6. RAFFLES

(Fee based on annual gross gambling receipts)

Class A	Up to \$ 5,000	\$ 54
Class B	Up to \$ 10,000	\$ 171
Class C	Up to \$ 25,000	\$ 350
Class D	Up to \$ 50,000	\$ 589
Class E	Up to \$ 75,000	\$ 944
Class F	Over \$ 75,000	\$ 1,414

7. COMBINATION LICENSE

Class A	Allows gross gambling receipts of up to \$25,000 from bingo, \$7,500 from raffles, and \$7,500 from amusement games, not to exceed \$30,000 combined gross gambling receipts from all such activities. Allows general card games where no fee to play is charged.	\$ 106
Class B	Allows gross gambling receipts of up to \$60,000 from bingo, \$15,000 from raffles, and \$15,000 from amusement games, not to exceed \$75,000 combined gross gambling receipts from all such activities. Allows general card games where no fee to play is charged.	\$ 276
Class C	Allows gross gambling receipts of up to \$125,000 from bingo, \$30,000 from raffles, and \$30,000 from amusement games, not to exceed \$150,000 combined gross gambling receipts from all such activities. Allows general card games where no fee to play is charged.	\$ 639

8. SEPARATE PREMISES

BINGO	Per occasion (see WAC 230-04-300)	\$ 26
--------------	--------------------------------------	-------

9. PERMITS

AGRICULTURAL FAIR-BINGO	(See WAC 230-04-191)	\$ 26
RECREATIONAL GAMING ACTIVITY (RGA)	(See WAC 230-25-330 and 230-02-505)	\$ 54

10. CHANGES

NAME	(See WAC 230-04-310)	\$ 26
LOCATION	(See WAC 230-04-320)	\$ 26
FRE	(Date or time) (See WAC 230-04-325)	\$ 26
LICENSE CLASS	(See WAC 230-04-260)	\$ 26
DUPLICATE LICENSE	(See WAC 230-04-290)	\$ 26

11. SPECIAL FEES**INVESTIGATION**

(See WAC 230-04-240) As required

REPLACEMENT IDENTIFICATION STAMPS

(See WAC 230-08-017) \$ 26

EXCEEDING LICENSE CLASS

(See WAC 230-04-260) As required

**REVIEW, INSPECTION AND/OR EVALUATION
OF EQUIPMENT, PARAPHERNALIA,
SERVICES, OR SCHEMES**

(See WAC 230-12-315) As required

12. SIX-MONTH PAYMENT PLAN

(See WAC 230-04-190) \$ 26

Administrative Order #417 Effective 6/30/03

WAC 230-04-203 Fees – Commercial stimulant and other business organizations. All persons seeking to operate gambling activities shall submit the following fees to the commission when applying for gambling licenses, permits, miscellaneous changes, inspection services, or when assessed the cost of special investigation procedures by the commission:

LICENSE TYPE	DEFINITION	FEE
1. CARD GAMES		
Class B	Up to five tables of limited card games – hearts, rummy, pitch, pinochle, and / or cribbage (Fee to play charged)	\$ 175
Class C	Tournament only, no more than ten consecutive days per tournament.	
C-5	Up to five tables	\$ 175
C-10	Up to ten tables	\$ 318
C-15	Up to fifteen tables	\$ 529
Class D	General - Up to five tables (No fee to play charged)	\$ 55
Class E *	General (Fee to play charged)	
E-1	One table only	\$ 422
E-2	Up to two tables	\$ 727
E-3	Up to three tables	\$ 1,210
E-4	Up to four tables	\$ 2,426
E-5	Up to five tables	\$ 3,650

Additional tables up to a maximum of fifteen may be authorized for an additional per table fee of \$ 1,060.

* In addition to the above initial license fee, the commission will assess all applicants / licensees the actual costs that exceed the license fee for conducting the initial investigation and inspection, any follow-up reviews or investigations involved in the approval of activities and schemes.

1. CARD GAMES

Class F Enhanced card room activities endorsement - Includes alternative fee collections (per hand; pot rake) and use of player-supported jackpot schemes.

Annual license fee \$ 1,590

2. CARD GAMES – HOUSE-BANKED

All tables within a card room operating any house-banked card game shall be licensed under this license class.

* Annual license fee \$ 6,368

Per table fee (up to fifteen tables) \$ 1,590

* In addition to the above initial license fee, the commission will assess all applicants the actual costs that exceed the license fee for conducting the initial license investigation and premises inspection. Any post licensing follow-up reviews, inspections, internal control evaluations or subsequent phases of operation shall also be charged actual costs. Licensees will be evaluated and charged for these additional authorizations / phases on an individual case by case basis.

3. COMMERCIAL AMUSEMENT GAMES

(Fee based on annual gross gambling receipts)

* Class A	Premises only	\$ ** 301 / \$137
Class B	Up to \$ 50,000	\$ 422
Class C	Up to \$ 100,000	\$ 1,086
Class D	Up to \$ 250,000	\$ 2,426
Class E	Up to \$ 500,000	\$ 4,256
Class F	Up to \$ 1,000,000	\$ 7,306
Class G	Over \$ 1,000,000	\$ 9,140

* Allows a business that is qualified under WAC 230-04-138 (1)(f), (g), (h), (i), or (j) to enter into a contract with a class "B" or above commercial amusement game licensee to locate and operate amusement games upon their premises.

** Provides for a fee reduction of \$ 164 when: Renewing an annual license; applying for an additional license(s) at the same premises; and / or applying for multiple licenses at the same premises.

4. PUNCH BOARDS / PULL-TABS

(Fee based on annual gross gambling receipts)

VARIANCE*

Class A	Up to \$ 50,000	\$ 5,000	\$ 577
Class B	Up to \$ 100,000	\$ 5,000	\$ 1,030
Class C	Up to \$ 200,000	\$ 10,000	\$ 1,942
Class D	Up to \$ 300,000	\$ 10,000	\$ 2,826
Class E	Up to \$ 400,000	\$ 10,000	\$ 3,650
Class F	Up to \$ 500,000	\$ 10,000	\$ 4,408
Class G	Up to \$ 600,000	\$ 10,000	\$ 5,108
Class H	Up to \$ 700,000	\$ 10,000	\$ 5,748
Class I	Up to \$ 800,000	\$ 10,000	\$ 6,332
Class J	Up to \$ 1,000,000	\$ 20,000	\$ 7,180

4. PUNCH BOARDS / PULL-TABS

(Fee based on annual gross gambling receipts)

VARIANCE*

Class K	Up to \$ 1,250,000	\$ 25,000	\$ 7,970
Class L	Up to \$ 1,500,000	\$ 25,000	\$ 8,704
Class M	Up to \$ 1,750,000	\$ 25,000	\$ 9,310
Class N	Up to \$ 2,000,000	\$ 25,000	\$ 9,862
Class O	Up to \$ 2,500,000	\$ 30,000	\$ 10,836
Class P	Up to \$ 3,000,000	\$ 35,000	\$ 11,200
Class Q	Up to \$ 4,000,000	\$ 40,000	\$ 13,200
Class R	Up to \$ 5,000,000	\$ 50,000	\$ 15,000
Class S	Up to \$ 6,000,000	\$ 60,000	\$ 17,000
Class T	Up to \$ 7,000,000	\$ 70,000	\$ 19,000
Class U	Up to \$ 8,000,000	\$ 80,000	\$ 21,000
Class V	Over \$ 8,000,000	\$ 80,000	\$ 23,000

* A licensee will be allowed a one-time variance for each license class without having to upgrade or pay the penalties set forth in WAC 230-04-260: Provided, That a licensee utilizing the variance shall be required to upgrade to the higher license class upon renewal.

5. PUNCH BOARD AND PULL-TAB SERVICE BUSINESS

(See WAC 230-04-133).

*Initial application fee	\$ 217
Additional associate	\$ 136
Renewal	\$ 53

*Includes up to two associates.

6. DISTRIBUTOR

(Fee based on annual gross sales of gambling related supplies and equipment)

(a) Class A	Nonpunch board / pull-tab only	\$ 605
Class B	Up to \$ 250,000	\$ 1,210
Class C	Up to \$ 500,000	\$ 1,818
Class D	Up to \$ 1,000,000	\$ 2,426
Class E	Up to \$ 2,500,000	\$ 3,160
Class F	Over \$ 2,500,000	\$ 3,890

In addition to the annual fee, the commission will assess all applicants the actual costs incurred in conducting the investigation and inspection necessary for initial certification.

(b) FUND-RAISING EVENT EQUIPMENT DISTRIBUTOR

Class A	Rents or leases equipment for fund-raising event or recreational gaming activity up to 10 times per year.	\$ 239
Class B	Rents or leases equipment for fund-raising event or recreational gaming activity more than 10 times per year.	\$ 605

7. GAMBLING SERVICE SUPPLIER

(See WAC 230-04-119) \$ 630

In addition to the annual fee, the commission will assess all applicants the actual costs incurred in conducting the investigation and inspection necessary for initial certification.

A fee of \$ 136 shall be charged for each new contract initiated by the gambling service supplier.

8. LINKED BINGO PRIZE PROVIDER

(See WAC 230-04-126) \$ 4,048

9. MANUFACTURER

(Fee based on annual gross sales of gambling related supplies and equipment)

Class A	Pull-tab dispensing devices only	\$	605
Class B	Up to \$ 250,000	\$	1,210
Class C	Up to \$ 500,000	\$	1,818
Class D	Up to \$ 1,000,000	\$	2,426
Class E	Up to \$ 2,500,000	\$	3,160
Class F	Over \$ 2,500,000	\$	3,890

In addition to the annual fee, the commission will assess all applicants the actual costs incurred in conducting the investigation and inspection necessary for initial certification, quality control inspection for additional activities or product lines, compliance suitability evaluations, and renewal of licenses when travel cost is incurred to complete the investigation.

10. PERMITS**AGRICULTURAL FAIR / SPECIAL PROPERTY BINGO**

Class A One location and event only
(See WAC 230-04-191) \$ 26

Class B Annual permit for specified different events and locations
(See WAC 230-04-193) \$ 175

RECREATIONAL GAMING ACTIVITY (RGA)
(See WAC 230-02-505 and 230-25-330) \$ 55

MANUFACTURER'S SPECIAL SALES PERMIT
(See WAC 230-04-115) \$ * 211

* The two hundred eleven dollar fee is nonrefundable, whether the sales permit is approved or not. In addition, an applicant may be assessed additional fees incurred to process and determine suitability.

11. CHANGES

NAME	(See WAC 230-04-310)	\$	26
LOCATION	(See WAC 230-04-320)	\$	26
BUSINESS CLASSIFICATION	(Same owners) (See WAC 230-04-340)	\$	55
LICENSE CLASS	(See WAC 230-04-260) New class fee, less previous fee paid, plus	\$	26
DUPLICATE LICENSE	(See WAC 230-04-290)	\$	26

11. CHANGES

CORPORATE STOCK / LIMITED LIABILITY COMPANY SHARES / UNITS	(See WAC 230-04-360)	\$	55
LICENSE TRANSFERS	(See WAC 230-04-125 and 230-04-340)	\$	55

12. SPECIAL FEES

INVESTIGATION	(See WAC 230-04-240)	As required
IDENTIFICATION AND INSPECTION SERVICES STAMPS	(See WAC 230-08-017)	As required
QUALITY CONTROL INSPECTION FEES	(See WAC 230-30-030)	As required
REPLACEMENT OF IDENTIFICATION STAMPS	(See WAC 230-30-017)	\$ 26
EXCEEDING LICENSE CLASS	(See WAC 230-04-260)	As required
REVIEW, INSPECTION AND / OR EVALUATION OF EQUIPMENT, PARAPHERNALIA, SERVICES, OR SCHEMES	(See WAC 230-12-315)	As required
SPECIAL SALES PERMITS	(See WAC 230-04-115)	As required
ELECTRONIC CARD FACSIMILE TABLE IDENTIFICATION STAMP	(See WAC 230-08-017)	\$ * 361.51
*Annually, for each separate table		

13. SIX-MONTH PAYMENT PLAN

(See WAC 230-04-190) \$ 26

Administrative Order #417 Effective 6/30/03

WAC 230-04-204 Fees – Individuals. Individuals shall submit the following fees to the commission when applying for gambling licenses, permits, miscellaneous changes, or when assessed the cost of special investigation procedures by the commission:

LICENSE TYPE	DEFINITION	FEE
1. CHARITABLE OR NONPROFIT GAMBLING MANAGER		
	Original	\$ 171
	Renewal	\$ 82
	Change of Employer	\$ 82
2. LINKED BINGO PRIZE PROVIDER REPRESENTATIVE		
	Original	\$ 239
	Renewal	\$ 146

3. COMMERCIAL GAMBLING MANAGER			
Original	\$	175	
Renewal	\$	84	
Change of Employer	\$	84	
4. DISTRIBUTOR'S OR GAMBLING SERVICES SUPPLIER REPRESENTATIVE			
Original	\$	239	
Renewal	\$	146	
5. MANUFACTURER'S REPRESENTATIVE			
Original	\$	239	
Renewal	\$	146	
6. PUBLIC CARD ROOM EMPLOYEE			
CLASS A - Performs duties as defined in WAC 230-02-415 in a class E card room.			
Original	\$	175	
Renewal	\$	84	
CLASS B - Performs duties as defined in WAC 230-02-415 in enhanced and house-banked card rooms.			
Original, in-state	\$	237	
Original, out-of-state	\$	295	
Renewal	\$	146	
Transfer / Additional Employee / Conversion/ Emergency Waiver Request	\$	57	
7. OTHER FEES			
CHANGE OF NAME			
(See WAC 230-04-310)	\$	26	
DUPLICATE LICENSE			
(See WAC 230-04-290)	\$	26	
OUT-OF-STATE RECORDS INQUIRY			
(See WAC 230-04-240)		As required	

Administrative Order #407 Effective 1/1/02

WAC 230-04-207 House-banked card games-- Additional requirements. Prior to an application for a house-banked card room license being presented to the commission for approval, the applicant shall demonstrate their ability to comply with commission requirements for such games. In order to demonstrate this capability, an applicant shall provide such information as the commission staff may require and complete a preoperational review and evaluation (PORE) per WAC 230-40-801. At least the following shall be submitted as a part of their application:

Internal accounting and administrative controls.

(1) A detailed description of its planned system of internal accounting and administrative controls in the standard format prescribed by commission staff. Such information shall meet all requirements set forth in WAC 230-40-815 and be presented in both a narrative and diagrammatic form;

Physical layout.

(2) A detailed diagram of the planned physical layout of the card room and all supporting installations. Such diagram shall include at least the following:

- (a) The location of all gaming tables;
 - (b) The location of all surveillance cameras;
 - (c) The count room;
 - (d) The surveillance room; and
 - (e) The cashier's cage;
- (3) A detailed description of:
- (a) Card games to be played, including rules of play; and
 - (b) Type of gaming tables, including table layouts.

Administrative Order #416 Effective 9/13/02

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-04-315 Change of schedule.

Administrative Orders for Chapter 230-08 WAC

Administrative Order #424 Effective 1/1/04

WAC 230-08-010 Monthly records. Every person or organization licensed to operate any gambling activity shall maintain permanent monthly records of all financial transactions directly or indirectly related to gambling activities. Each record shall include, but not necessarily be limited to, all details of the following:

Compliance with other rules.

(1) All financial transactions completed by the licensee must contain enough detail to determine compliance with the requirements of WAC 230-04-024, 230-04-080, 230-08-122, and 230-40-821;

Activities to be recorded separately and within thirty days - exception.

(2) Each licensed activity shall be recorded separately and include all transactions occurring during a calendar month. These records shall be complete in every detail and available for audit or inspection by agents of the commission or other law enforcement personnel no later than thirty days following the end of each month: Provided, That businesses licensed to operate punch boards and pull-tabs as commercial stimulants shall complete monthly records no later than fifteen days following the end of each month and such shall be available for audit or inspection the next day;

Records required for all licensees.

(3) The gross gambling receipts from the conduct of each of the activities licensed;

(4) Full details on all expenses related to each of the activities licensed;

(5) The total cost of all prizes paid out for each of the activities licensed;

Charitable and nonprofit records.

(6) With respect to those organizations licensed as qualified bona fide charitable or nonprofit organizations, except agricultural fairs, records shall clearly show in detail how the proceeds from each licensed activity obtained by the licensee were used or disbursed by that licensee. These records shall provide an audit trail satisfactory to allow verification that the funds were used for the organization's purpose(s). These records will include, but not be limited to, canceled checks for the subject disbursements;

Commercial stimulant records.

(7) With respect to commercial stimulant licensees, records shall include at least the following details:

(a) Gross sales of food and drink for consumption on their licensed premises;

(b) Gross sales of food and drink for consumption off the licensed premises; and

(c) Gross sales from all other business activities occurring on the licensed premises.

Punch board and pull-tab games removed from play.

(8) In addition to any other requirement set forth in these rules, licensees for the operation of punch boards and pull-tabs shall be required to prepare a detailed monthly record for punch boards and pull-tab series removed from play during that month. This detailed monthly record shall be recorded in a standard format prescribed by the commission: Provided, That punch board and pull-tab monthly records may be stored in computer data bases if:

(a) Computer data base records are not the primary storage medium and all original input control documents supporting data maintained in computer data bases are retained by the licensee;

(b) A "hard copy" report organizing the data maintained in the computer data base is generated for each month. This report must be completed and available for review no later than thirty days following the end of the month;

(c) An up-to-date "hard copy" report is provided within three days upon request of commission agents, law enforcement personnel, or local tax authorities;

(d) Reports generated from the computer data base provide all data required by subsection (9) of this section; and

(e) Reports generated from the computer data base organize the required data in an order that approximates the standard format and does not impede audit.

Disclosing punch board/pull-tab information.

(9) Monthly records for punch boards and pull-tabs shall disclose for each punch board and pull-tab series the following information:

(a) The name of the punch board or pull-tab series;

(b) The Washington state identification and inspection services stamp number recorded by attaching a records entry label: Provided, That in lieu of the records entry label, licensees may use a facsimile of the bar coded Washington state identification and inspection services stamp number which is generated by a printer interfaced with a computer data base, if the following standards and procedures are followed:

(i) The Washington state identification and inspection services stamp number must be electronically input into the data base by scanning the stamp with a bar code reader;

(ii) Records must be printed on white paper. Facsimiles of the bar coded Washington state identification and inspection stamp numbers must be at least one-quarter inch in height with a "quiet zone" on at least one-quarter inch of each side of the bar code;

(iii) Bar code facsimiles must be code "interleaved two of five" (USS-12/5) with a readability rate of at least 99.0% with a maximum of three passes with commission bar code reading equipment. Each licensee will be responsible for the accuracy of printouts and ensuring that bar codes are electronically readable. It is recommended that specifications of a printer be reviewed for capability to meet minimum standards prior

to purchase or lease and that the printer be equipped with a serviceable ribbon.

- (c) The date removed from play;
- (d) The total number of tabs in each pull-tab series or the total number of punches in each punch board;
- (e) The number of pull-tabs or punches remaining after removal from play;
- (f) The number of pull-tabs or punches played from the pull-tab series or punch board;
- (g) The cost to the players to purchase one pull-tab or one punch;
- (h) The gross gambling receipts as defined in WAC 230-02-110;
- (i) The total prizes paid, including both cash and merchandise (calculated by the cost to the licensee) prizes;
- (j) The net gambling receipts (gross gambling receipts less total prizes paid);
- (k) The cash over or short determined by:
 - (i) Subtracting actual cash from net gambling receipts for punch boards and pull-tabs which award cash prizes; and
 - (ii) Subtracting actual cash from gross gambling receipts for punch boards and pull-tabs which award merchandise prizes.
- (l) The actual cash received from the operation of each pull-tab series or punch board: Provided, That when more than one series of pull-tabs is sold from a single dispensing device and the dispensing device is equipped with recording devices or meters which provide an accounting of the number of tabs dispensed from each individual series, the actual cash received may be computed by use of the meter readings. If this method is used to account for actual cash, all series in each dispensing device shall be played out at least once each calendar quarter and the combined cash over or short calculated for all series played from each dispensing device during the period by reconciling the total cash removed from the dispensing device to the total tabs sold from that dispensing device. The combined cash over or short shall be recorded as required by (k) of this subsection;
- (m) With written commission approval, licensees operating pull-tabs to stimulate food and drink sales may record (k) and (l) of this subsection in total on a daily, weekly, or monthly basis, if their recordkeeping procedures meet commission standards.

Supporting documents.

(10) Copies of all additional financial data which support tax reports to any and all governmental agencies; and

Records to be maintained for three years.

(11) Each of these records shall be maintained by the licensee for a period of not less than three years from the end of the fiscal year for which the record is kept unless released by the commission from this requirement as to any particular record or records.

Administrative Order #417 Effective 6/30/03

WAC 230-08-017 Control of gambling equipment--Use of identification and inspection services stamps. To ensure gambling equipment is used only as authorized, manufacturers, distributors, linked bingo prize providers, and operators shall maintain close control over all gambling equipment in their possession.

Documenting equipment transfers.

(1) Each licensee that transfers leases or provides gambling equipment shall document the transaction by completing an invoice or other written record setting forth the information required by WAC 230-08-040.

ID stamps to be affixed to equipment.

(2) Identification and inspection services stamps obtained from the commission shall be used to identify gambling equipment and shall be permanently and conspicuously affixed to all equipment and devices designated by the commission. Once attached, identification and inspection services stamps shall not be removed, disfigured, or otherwise tampered with by any person. These stamps shall be attached and controlled in the following manner:

Equipment/devices requiring ID stamps.

(3) Identification and inspection services stamps shall be attached to the following gambling equipment and devices:

- (a) Punch boards and pull-tab series;
- (b) Pull-tab dispensing devices;
- (c) Disposable bingo cards;
- (d) Coin or token-activated amusement games operated at any Class A amusement game license location;
- (e) Electronic bingo card daubers;
- (f) Electronic card facsimile table; and
- (g) Other gambling equipment or devices, as determined by the director.

Purchasing and affixing ID stamps.

(4) Identification and inspection services stamps shall only be sold to and attached by licensed manufacturers or commission staff: Provided, That a licensed owner of controlled gambling equipment may purchase and attach stamps as outlined in subsections (10) and (11) of this section;

Fees for ID stamps.

(5) The fee charged for identification and inspection services stamps shall be set by the commission at a level sufficient to fund regulation and control of gambling equipment. Fees shall be as set out below:

EQUIPMENT TYPE	DEFINITION	FEE
(a) Punch boards and pull-tabs		
(i) Standard	Wagers fifty cents and below	\$.27
(ii) Standard	Wagers over fifty cents	\$1.05
(iii) Progressive jackpot pull-tab series		
	Per series	\$10.60
(iv) Pull-tab series with carry-over jackpots		
	Per series	\$1.05
(b) Pull-tab dispensing devices		
(i) Mechanical and electro-mechanical		\$.27
(ii) Electronic	Dispensing devices that require initial and ongoing evaluation of electronic components or functions, such as reading encoded data on pull-tabs, accounting for income or prizes, and other functions determined by the director	\$106.17
(c) Disposable bingo cards		
(i) Sets of individual cards or sheets of cards		\$.27
(ii) Collations of cards		\$1.16
(iii) Cards used to play for linked bingo prizes		
	Fee is per 250 cards	\$.42
	Fee is per 5000 cards	\$8.49
(d) Coin or token-activated amusement games		
Operated at any Class A amusement game license location		\$26.53
(e) Electronic bingo card daubers		\$10.60
(f) Electronic card facsimile table		\$361.51
(g) Other equipment or devices	The actual cost of inspection or approval, as determined by the director	

ID stamps valid for one year – exception.

(6) Devices that require identification and inspection services stamps to be installed annually shall have such stamps attached prior to placing any device into play and, on or before December 31 of the year preceding operation for each subsequent year.

Affixing stamps – shipping and packaging.

(7) Identification stamps shall only be affixed to gambling equipment or devices in such a manner as to assure reasonable inspection without obstruction. If equipment is enclosed or packaged within protective materials, the stamps shall be readily visible for inspection without removal of any portion of the protective packaging: Provided, That when more than one device is packed in a shipping carton, this requirement shall not apply if the identification and inspection services stamp numbers of all devices

contained in the carton are printed or otherwise noted on the outside of the carton.

Location of ID stamps on equipment/devices.

(8) Stamps and records entry labels shall be affixed in the following manner:

(a) **Punch boards** - on the reverse side in an area that will not obstruct removal of punches: Provided, That if sufficient space is not available on the reverse side, the records entry labels may be wrapped around and/or partially attached to the edge of a punch board in a manner that will not obstruct display of prizes available or other information required by rules of the commission;

(b) **Pull-tabs** - on the face or reverse side of the flare. If placed on the face, then they must be in an area that will not obstruct prizes available or any other information required by rules of the commission;

(c) **Pull-tab dispensing devices** - on the outside of the main body, in an area that is not normally removed and replaced, and in a manner that will not obstruct the view of the pull-tabs available for play. The records entry labels shall not be affixed to dispensing devices and may be discarded;

(d) **Disposable bingo cards** - on the packing label attached to the outside of the shipping carton. Records entry labels shall be attached to the packing slip: Provided, That when a set or collation of cards is packed in more than one shipping carton, the stamp shall be attached to carton number one and the stamp number imprinted on all remaining shipping cartons; and

(e) **Electronic facsimile card table** - on the outside of the main body, in an area that is not normally removed and replaced, and in a manner that will not obstruct the view of the card facsimiles. The records entry labels shall not be affixed to table and may be discarded.

ID stamps shall only be affixed to approved devices.

(9) Identification and inspection services stamps shall not be attached to gambling equipment or devices that do not comply with rules of the commission. If a piece of equipment or a device requires specific commission approval, stamps shall not be affixed prior to such approval.

Licensed owners may purchase ID stamps.

(10) A licensed owner of gambling devices which require annual identifications and inspection services stamps may purchase such from the commission. The licensee shall submit the appropriate fee, along with a form provided by the commission, to obtain the stamps.

Replacing worn ID stamps on pull-tab dispensing devices.

(11) A licensed owner of pull-tab dispensing devices may obtain a commission identification and inspection services stamp to replace an identification stamp affixed to a pull-tab dispensing device that has become unidentifiable due to wear. The fee for replacement of the stamp shall be as required by WAC 230-04-202 and/or 230-04-203. The operator or distributor shall furnish the following information to the commission:

(a) A copy of the invoice from the operator, distributor or manufacturer for the purchase of the dispensing device in question; or

(b) A complete description of the pull-tab dispensing device, serial number, manufacturer, and the commission stamp number previously affixed to the device, if known.

Recordkeeping and replacing damaged stamps.

(12) Manufacturers shall maintain records that will allow accountability for all identification and inspection services stamps issued to them by the commission for at least three years after they are affixed to devices and sold. This accountability shall be by indefinite retention of unused or damaged stamps or by records as set out in WAC 230-08-025: Provided, That damaged stamps may be returned to the commission and will be replaced with serviceable stamps if they are accompanied by a detailed listing of the damaged stamps and a ten cent per stamp service charge.

Administrative Order #412 Effective 7/1/02

WAC 230-08-255 Bona fide charitable or nonprofit organizations – Qualification review – Significant progress required—Exception. A charitable or nonprofit organization requesting to be certified to conduct gambling activities must demonstrate it has made significant progress toward its stated purposes during the period under review. The following definitions and procedures will apply:

Progress toward stated purpose.

(1) An organization will be deemed to have made progress toward its stated purposes when it:

(a) Complies with all requirements set forth in its bylaws and articles of incorporation;

(b) Actively engages in providing services to the public or its members during the entire period under consideration, and such services directly relate to the stated purposes of the organization;

(c) Has held elections to select officers at least once in the previous two years; and

(d) Has held a general membership meeting to conduct the business of the organization at least once in the previous two years.

Available resources for stated purpose.

(2) An organization's progress towards its stated purpose will be deemed significant when a substantial portion of its available resources are used for providing program services during the period under review.

For purposes of this section, available resources:

(a) Include the income generated by or from the following sources for the period under review:

(i) All net fund-raising activities, including net gambling income;

(ii) Grants, gifts, and contributions from private sources; and

(iii) Public support.

(b) Does not include:

(i) Funds generated in periods other than the period under review;

(ii) Funds that are raised or contributed from outside the organization for purposes of purchasing land or capital assets or to endow future operations when such funds are specifically identified by the board or contributors as restricted and separately recorded in the organization's records;

(iii) Fees paid by members or the public to receive services or to participate in specific activities. Such fees shall be classified as a reduction to both program service and supporting service expenses on a pro rata basis and as a reduction to resources available for providing services in the current period; or

(iv) Net income from the sale of assets.

Groups IV and V – Significant progress.

(3) In addition to the criteria outlined above, any organization requesting to be certified to operate gambling activities at Group IV or V levels, as defined in WAC 230-12-076, shall demonstrate it has made significant progress by providing evidence that:

(a) It has expended at least sixty percent of net gambling income earned in the organization's most recently completed fiscal year on functional expenses to operate the organization's programs. Functional expenses consist of both program and supporting services; and

(b) Available resources were utilized in an efficient manner during the period. Available resources will be deemed to be utilized in an efficient manner when no more than thirty-five percent of total functional expenses are utilized to provide supporting services as defined by WAC 230-02-279: Provided, That if more than fifty percent of total program services expenses was utilized to provide program services through indirect methods (those which are external to the organization) such as grants, contributions, and/or scholarships, then supporting services expenses shall not exceed twenty percent of functional expenses.

Groups III, IV, and V – Formal qualification review.

(4) Any organization requesting to be certified to conduct gambling activities in:

(a) **Group IV or V** – shall be reviewed by commission staff and every three years a summary of the organization's qualifications shall be prepared and provided to the commission for review at a public meeting. At least one representative from the organization shall be present at the public meeting when the summary of their qualification review is presented; and

(b) **Group III** – may be reviewed by commission staff at the request of the director. A summary of the organization's qualifications, as required by this subsection, may be prepared by staff and provided to the commission for review.

Gambling income not separate from other income.

(5) When an organization does not keep gambling income separate from all other income of the organization, the amount of net gambling income

required to provide functional expenses in the year under review shall be the pro rata portion of net gambling income compared to the total net revenue from all sources.

Waivers.

(6) An organization that is unable to demonstrate it has made significant progress by complying with the financial standards and procedures set forth elsewhere in this section may request the director to waive all or portions of the requirements. The following requirements and procedures shall be used to evaluate waivers:

(a) In determining whether to grant such a waiver, the director may consider the following:

(i) Whether the organization's inability to comply is temporary and due to unusual circumstances;

(ii) Whether the organization is reserving funds to start or expand specific programs in the future;

(iii) Whether the organization utilizes a substantial amount of capital assets that are not subject to depreciation or amortization to provide program services. Examples are: Fully depreciated building or

equipment; fully amortized leasehold improvements; assets which are not normally depreciated such as land used for athletic fields, riding areas, parks, etc.; and

(iv) Whether the organization conducts a substantial portion of its services through volunteers.

(b) In order for the director to consider a waiver, the organization shall meet the following requirements:

(i) The organization's board shall acknowledge in writing that they are aware of the circumstances, have taken steps to correct the situation which prevented compliance, and have approved a plan that addresses delivery of program services in the future; and

(ii) The organization must expend at least twenty-five percent of its net gambling income to provide program services in the current period; however, the purchase of nondepreciable assets for program purposes may be considered as part of this percentage.

(c) The director will provide the licensee a hearing pursuant to WAC 230-50-010(6), if a waiver will be denied.

Administrative Orders for Chapter 230-12 WAC

Administrative Order #431 Effective 7/1/04

NEW SECTION

WAC 230-12-045 Gambling promotions. Licensees may conduct gambling promotions to encourage players to participate in a gambling activity under the following conditions and restrictions:

- (1) The following conditions apply:
 - (a) All players must have an equal opportunity to participate;
 - (b) Licensee must establish criteria to determine how promotional items will be distributed to players. The criteria must not include distribution based on an element of chance, such as a drawing or spinning wheel, except as authorized under WAC 230-20-242.
 - (c) All rules or restrictions must be conspicuously displayed in the gaming area and included on promotional materials or advertisements.
- (2) The following restrictions apply:
 - (a) Promotional items must not exceed a cost of five hundred dollars per item;
 - (b) Promotional items awarded based on the outcome of a gambling activity must not be an additional opportunity to engage in a gambling activity regulated by the commission;
 - (c) Gambling activities and related gambling promotions must not be combined in any way with a promotional contest of chance, as defined in RCW 9.46.0356.

Administrative Order #425 Effective 1/1/04

WAC 230-12-050 Extension of credit, loans, or gifts prohibited – Limited exception. No licensee, member or employee thereof shall extend credit, make a loan, or grant a gift to any person playing in an authorized gambling activity, or which enables a person to play in an authorized gambling activity.

Gifts prohibited – Exceptions.

- (1) Gifts are items licensees give away to its customers and are not connected to gambling activities regulated by the commission. Licensees shall not offer gifts in conjunction with gambling activities, with the following exceptions:
 - (a) Promotions are allowed as authorized by WAC 230-12-045;
 - (b) Transportation services provided to and from gambling activities;
 - (c) Free or discounted food, drink or merchandise may be provided under the following conditions:
 - (i) The actual cost of any individual item may not exceed five hundred dollars;
 - (ii) The merchandise shall not be traded back to the licensee for cash or be used to further participate in an authorized gambling activity;
 - (d) For each individual gift with an actual cost over one hundred dollars, charitable and nonprofit

organizations shall prepare and maintain a written record with the following information:

- (i) How the recipients of the gifts were selected;
- (ii) The number of gifts awarded; and
- (iii) The total cost of each gift given.

Credit and loans prohibited – Exceptions.

(2) The consideration required to participate in the gambling activity shall be collected in full, by cash, check, or electronic point-of-sale bank transfer, prior to participation, with the following exceptions:

Punch boards/pull-tabs.

(a) The consideration paid for the opportunity to play a punch board or pull-tab series may be collected immediately after the play is completed only when such consideration is ten dollars or less;

Charitable/nonprofit organization's billing system for members.

(b) When a bona fide charitable or bona fide nonprofit organization conducting any of the activities authorized by chapter 9.46 RCW or commission rules has a regular billing system for all of the activities of its members with such organization, such billing system may be utilized in connection with the playing of any of the activities authorized hereunder if:

- (i) The playing of such activity is limited to regular members of such organization who have become regular members prior to the commencement of such activity and whose qualifications for membership were not dependent upon, or in any way related to, the playing of such activity; and
- (ii) The director has given prior written consent to the use of such billing system in connection with the conduct of activities authorized under these rules.

Raffle tickets purchased with credit cards.

(c) Charitable or nonprofit organizations utilizing credit cards, issued by a state and/or federally regulated financial institution, for payment to participate in raffles.

Administrative Order #416 Effective 9/13/02

WAC 230-12-090 Problem gambling and caution disclosure – Advertisements and posting signs. The legislature recognizes that some individuals in Washington state are problem or compulsive gamblers. Because the state promotes and regulates gambling through the activities of the lottery commission, horse racing commission and gambling commission, the state has the responsibility to continue to provide resources for the support of services for problem and compulsive gamblers. RCW 9.46.071 requires that the lottery commission, horse racing commission and gambling commission shall jointly develop informational signs concerning problem and compulsive gambling, and the signs shall be placed in establishments of gambling licensees, horse racing licensees and lottery retailers.

Posting information signs.

(1) Informational signs will be provided to the licensee by the gambling commission and will contain the toll-free hotline number for the Washington state council on problem gambling. All gambling commission licensees shall prominently post the problem gambling informational signs at each entrance and exit of their establishments. Brochures to patrons containing the toll-free hotline number meet the posting requirement and will be supplied by the gambling commission.

Advertisements.

(2) All bingo licensees who operate in a premises where bingo is conducted on more than three occasions per week shall conspicuously include the following statement in any advertising or promotion of gambling activities conducted by the licensee:

"CAUTION: Participation in gambling activity may result in pathological gambling behavior causing emotional and financial harm. For help, call 1-800-547-6133."

Administrative Order #420 Effective 7/1/03

WAC 230-12-305 Licensee required to submit updated documents or information. In addition to any other requirements set forth in these rules, persons licensed by the commission shall submit any new or updated documents or information including, but not limited to, the following:

(1) Articles of incorporation or by laws, or any other documents which set out the organizational structure and purposes;

(2) Internal Revenue Service tax exemption status (charitable/nonprofit organizations only);

(3) All contracts and agreements, whether oral or written which relate to gambling activities or alter the organizational structure of the licensee or its business activities in Washington state; and

(4) All cash or asset contributions, draws from lines of credit, and loans, from other than recognized financial institutions, which individually or collectively exceed a total of ten thousand dollars during any calendar year: Provided, That cash or asset contributions do not include donations to licensed charitable or nonprofit organizations.

Submission timeline.

(5) The new or updated documents and/or information shall be submitted to the commission by notation on the next quarterly activity report filed, and by attaching all details concerning each transaction: Provided, That licensees not required to submit quarterly activity reports shall submit the required information no later than sixty days following the transaction(s) date.

Administrative Order #421 Effective 7/1/03

WAC 230-12-315 Request for review services – Fees. Any person submitting equipment, paraphernalia, services, or schemes for review, inspection, and/or evaluation by commission staff shall reimburse the commission the cost of services performed. A deposit of the estimated cost may be required prior to performance of such service. If a deposit is required, it shall be received by the commission prior to the performance of any substantial work on the request.

Administrative Order #421 Effective 7/1/03

NEW SECTION

WAC 230-12-316 Electronic or mechanical equipment review. A licensee must submit electronic or mechanical gambling equipment to the director for review to verify compliance with chapter 9.46 RCW and Title 230 WAC prior to the sale, lease or operation of such equipment. The equipment shall meet technical standards for compliance, accuracy, security and integrity. Persons not licensed by the commission may also request equipment review to verify compliance with state laws and rules.

(1) Manufacturers may be required to submit electronic or mechanical gambling equipment for review.

(a) To allow for continued testing and training, any equipment that is submitted for review under this section may be kept by the director for as long as the equipment remains out for play in the state of Washington.

(b) The gambling commission and staff are not liable for any damage to equipment while in their possession.

(2) Fees for review shall be as set forth in WAC 230-12-315.

(3) Equipment operated in Washington state must be identical to the version reviewed by the director.

(4) Equipment in operation on July 1, 2003, may continue in operation pending review by the director.

(5) If the person submitting such equipment does not agree with the director's decision, a petition for declaratory order may be filed with the commission to be heard de novo by an administrative law judge designated by the commission, pursuant to RCW 34.05.240 and WAC 230-50-850.

Administrative Order #411 Effective 7/1/02

WAC 230-12-330 Availability of gambling equipment and related products and services – Prices – Contracts – Discounts – Restrictions – Exceptions. Manufacturers and distributors shall make their products and services available to all licensees without discrimination. Except as authorized by this section, gambling equipment, devices, related paraphernalia or supplies, and services shall be offered to any licensee wishing to purchase such, for the same price and terms. The following restrictions, procedures,

and exceptions apply to prices and terms related to sales of gambling-related products or services:

Pricing shall be consistent – exceptions.

(1) **Discriminatory prices are prohibited.** Prices are considered discriminatory when identical or similar items or services are offered to different persons for a different price or under different terms or conditions: Provided, That prices set under the following criteria shall not be considered discriminatory:

(a) **Prices that are established in advance** and available for review by the commission and customers prior to accepting a sales order utilizing such. For purposes of this section, prices are deemed to be established and available when they have been mailed or transmitted by facsimile to the commission at least forty-eight hours prior to completing sales transactions or accepting orders for products or services;

(b) **Separate and different price schedules** established by manufacturers or distributors for transactions conducted with licensees at different marketing levels when such prices are progressively lower at each marketing level above the operator level;

(c) **Prices that are based upon the delivery location** of an item or service. If the price of an item or service is based upon "free on board" (FOB) terms at a specific location, such price may be varied based upon delivery at a different location, if such is justified by objective evidence. The burden of proof regarding such price differentiation is borne by the seller. Such prices are subject to all other requirements of this section; and

(d) **Short-term price reductions or "sales"** by manufacturers or distributors are authorized when every licensee is afforded an opportunity to participate. For purposes of this section licensees will be deemed to have been afforded an opportunity to participate when:

(i) All prices and terms are clearly posted at all sales outlets for the benefit of operators and provided to all customers serviced by mobile sales representatives;

(ii) Manufacturers provide full details of the sale to all licensed distributors, including prices and terms, at least forty-eight hours prior to accepting orders for products or services being offered at a sale price. Such notice shall be by mail or telephone facsimile; and

(iii) Any limitations or conditions of the sale are clearly stated in advertisements or notices for such sale.

Contracts restricting sales not allowed.

(2) Except as set forth in WAC 230-12-230, licensees shall not enter into contracts that directly or indirectly restrict the distribution or use of gambling equipment, devices, paraphernalia, supplies, or services: Provided, That holders of proprietary rights to products or services that have been gained through patents, copyrights, trademarks, or other similar rights bestowed by state or federal law or by courts shall be allowed to enter into license agreements with manufacturers that restrict the ability to manufacture or distribute products or services if all other requirements of this section are met. The following transactions are prohibited:

(a) An operator or distributor shall not agree to deal in, purchase, sell, lease, or operate any particular brand

or brands of gambling device or equipment to the exclusion of any other brand of gambling device or equipment;

(b) A manufacturer or distributor, or licensed representative or employee thereof, shall not sell or offer to sell, lease, or loan any gambling-related product, service, or merchandise if such is contingent upon the purchase or order of another product, service, or merchandise; and

(c) Except as set forth in this subsection, no person shall enter into any agreement, express or implied, that prohibits a person from selling or providing any gambling-related product or service within a particular geographic area: Provided, That -

(i) Licensed manufacturers, distributors, and service suppliers may enter into such agreements with its licensed representative; and

(ii) An operator may enter into an agreement with a licensed service supplier that is supplying only management or consulting services when such agreement only restricts the service supplier from supplying the same or similar services to other operators within a specified geographic area.

Discounts.

(3) Manufacturers and distributors may offer discounts of base prices that are authorized by this section when such discounts are nondiscriminatory. For purposes of this title, discounts will be deemed to be nondiscriminatory when:

(a) Offered to all licensees on the same terms;

(b) The scheme upon which the discount is based is in writing and submitted to the commission at least forty-eight hours prior to being offered;

(c) The discount applies to :

(i) A single sales transaction; or

(ii) Multiple sales transactions, which are made over a period of time not to exceed one week. For purposes of this section, one week shall be defined as seven consecutive days; and

(d) The level of a discount is based only upon any of the following criteria:

(i) The amount of product sold or the dollar value of the sale;

(ii) Whether the purchaser makes full payment in cash at time of sale;

(iii) Whether the purchaser makes final payment for a transaction within a predetermined time period for sales made under "trade account" terms; and

(iv) Any other structure or terms, subject to preapproval by the director. The manufacturer shall pay for the approval process and any additional requirements necessary to assure compliance with this section.

Limiting sales to specific market levels.

(4) A licensed manufacturer or distributor may elect to limit sales of products and services to licensees at any marketing level. For purposes of this section, marketing levels are defined as manufacturer, distributor, and operator. If a manufacturer or distributor elects to make sales to any licensee at a marketing level, sales must be

made to all licensees at the same level: Provided, That if the distributor is in violation of WAC 230-12-340, the manufacturer shall not be required to make sales to that distributor: Provided further, That transactions between a manufacturer and distributor, when both are owned and operated by the same persons, are considered internal to that business. For purposes of this section, internal transactions are not considered sales at a different marketing level. All other restrictions of this section apply to such sales. For example:

(a) A licensed manufacturer may elect to sell or provide products and services only to distributors; or

(b) A licensed distributor may elect to sell or provide products and services only to operators.

Minimum purchasing requirements not allowed – exceptions.

(5) Manufacturers or distributors shall not set minimum purchase requirements for any product or service, except as authorized below:

(a) Minimum purchase requirements are not allowed for purchases made under prepaid or cash on delivery (COD) terms: Provided, That manufacturers may establish and charge a reasonable fee for services to handle an order for products or services below a specified level, if such policy is in writing and provided to distributors prior to accepting orders;

(b) Minimum purchase restrictions may be set for transactions between manufacturers and distributors that are conducted using trade account terms, as authorized by WAC 230-12-340;

(c) Discounts may be set based upon a minimum purchase amount as authorized by subsection (3) of this section; and

(d) Minimum purchase restrictions may be placed on products being offered for a bargain or "sale" price if a bargain or "sale" price is established for any and all levels of purchases under such terms.

Sales of nongambling products and services.

(6) A manufacturer or distributor shall not grant licensees, nor shall such licensees accept, more favorable prices, credit terms, or other arrangements than those extended to nonlicensed persons purchasing identical or similar nongambling goods or services. The price of nongambling goods or services sold to licensees shall be in conformity with the open market price in the locality where sold. The terms of such sales shall not exceed those normally granted in accordance with the customary business practice of the particular trade in the locality where such sales are made.

Transactions with tribal casinos.

(7) This section shall not apply to transactions conducted with tribal governments operating class III casinos under tribal/state compacts or with management companies operating such casinos on the behalf of tribal governments.

Administrative Order #411 Effective 7/1/02

WAC 230-12-340 Sale of gambling equipment, devices, supplies, paraphernalia, and related services – Credit prohibited – Exceptions. The use of credit in the sale of gambling equipment, devices, related supplies or paraphernalia, and services is prohibited. Except as authorized by this section, all sales of such shall be transacted on a cash basis. The following definitions, restrictions, and procedures apply to this section:

(1) All licensed manufacturers and distributors may sell gambling equipment such as dispensers, bingo blowers, roulette wheels, etc., and gambling-related support equipment through capital lease agreements or other financing arrangements to operators subject to the following conditions and requirements:

(a) The cost of a single item, or group of similar and related items included in the sale, exceeds one thousand dollars;

(b) The term of the contract does not exceed forty-eight months;

(c) All terms of the contract are in writing and copies of such agreements are provided to the commission within thirty days of execution;

(d) The manufacturer or distributor retains only a security interest in the item sold and cannot obtain any ownership interest in the licensee, or exercise any control over the use of the item in the licensed activity;

(e) The amount of payments is not based on the size or level of gambling activity and is determined by use of a standard amortization schedule for the term and stated interest rate;

(f) The interest rate charged by the contract is set at the time of sale and does not vary during the term of the contract; and

(g) The contract does not require the purchaser to directly or indirectly purchase any other products or services from the seller.

Definitions.

(2) The following definitions only apply to subsections (3) through (9) of this section:

(a) **"Manufacturers and distributors"** refers only to the manufacturers and distributors of pull-tabs, punch boards, and bingo supplies.

(b) A **"cash basis"** means full payment is received by the seller on or before actual delivery of the product or service to the purchaser;

(c) A **"trade account"** is a payment system that allows distributors to place orders for inventory or services from manufacturers or distributors and to make payment for such within a specific period of time after shipment of the product or completion of the service;

(d) **"Prescribed time period"** is the maximum period of time a distributor has to pay for purchases of goods or services made under trade account terms prior to being restricted to cash basis terms. The time period begins when a product is shipped or service completed and ends on the date payment is actually delivered to the manufacturer or distributor, or if delivered by the U.S. mail, the U.S. postmark date of the envelope containing the payment. For purposes of this section, prescribed

time period means no later than sixty days after shipment of the products or completion of the services .

Authorized transactions.

(3) For purposes of this WAC title, the following transactions are authorized and shall not be deemed as credit or loans of money when applicable requirements are met:

(a) Purchases of goods and services from manufacturers or distributors when paid for by checks that meet the requirements of WAC 230-12-350;

(b) Purchases of goods or services by distributors from manufacturers or other distributors when utilizing trade account terms and the requirements of subsection (4) of this section are followed;

(c) Promissory notes between manufacturers and distributors for payment of debts incurred prior to the effective date of this section ;

(d) Purchases made under capital lease agreements when the requirements of this section are followed;

(e) All transactions between manufacturers or distributors and tribal governments or companies certified to manage class III gambling activities operated under a tribal/state compact are exempt from all provisions of this section;

(f) Charitable or nonprofit organizations licensed to conduct bingo may purchase bingo cards and bingo supplies from distributors and/or manufacturers and receive such without making immediate payment if payment is made, by check or cash, no later than thirty days after delivery of the product. If the distributor or manufacturer does not receive payment within thirty days, they must immediately restrict the licensee to sales on a cash on delivery basis until payment is received. Licensees paying for bingo supplies on terms other than a cash basis must document on the purchase invoice the date paid and the check number; and

(g) The sales of nongambling equipment, fixtures, supplies, or commodities to licensees are exempt from all provisions of this section when the requirements of WAC 230-12-330 are met.

Trade account conditions.

(4) Manufacturers and distributors may allow distributors to establish "trade accounts" to purchase gambling-related inventory or services without making immediate payment under the following conditions:

(a) Trade account terms, if offered to any distributor, shall be made available to all distributors without discrimination: Provided, That trade accounts may be restricted to distributors that:

(i) Meet objective credit criterion established by a manufacturer or distributor. Such criterion must be in writing, available to the commission for review, and provided to any distributor upon request. A manufacturer or distributor may include a distributor's payment history as a part of the trade account approval criterion;

(ii) Meet minimum purchase requirements established by the manufacturer: Provided, That the minimum purchase requirement shall not be greater than five hundred dollars per transaction;

(b) Trade account terms shall not allow a manufacturer or distributor to gain any ownership or financial interest in a licensee. This section is not intended to prohibit or restrict a manufacturer or distributor from gaining a security interest in inventory sold for credit, as authorized by the Uniform Commercial Code: Provided, That this section shall not allow a manufacturer to obtain an interest in inventory sold by any other manufacturer under trade account terms;

(c) A distributor shall make full payment for all goods or services purchased under trade account terms within the prescribed time period. Failure to pay within the prescribed time period may be deemed solicitation of credit by the distributor.

Procedures for past due accounts - notification and sales restrictions.

(5) When a distributor fails to pay for goods or services purchased under trade account terms within the prescribed time period, the creditor manufacturer or distributor shall comply with the procedures set forth below. Failure to comply with these procedures may result in the manufacturer or distributor being deemed to have extended credit to the distributor. The following procedures must be followed when a distributor fails to make required payments:

(a) Notify the delinquent distributor of failure to pay by telephone no later than the end of the next business day;

(b) Restrict sales of all goods and services to the delinquent distributor no later than the end of the third business day after the default: Provided, That sales may be made to a delinquent distributor on a cash basis only;

(c) Notify the commission and all licensed manufacturers and distributors in writing by letter, facsimile or e-mail no later than the end of the fifth business day after default. Written notification shall include at least the following:

(i) The distributor's name;

(ii) The invoice or shipping order numbers involved in the transaction;

(iii) The date the item was shipped or service was provided; and

(iv) Any other information requested by the commission.

Cash only sales to delinquent distributors.

(6) Upon receipt of notification from the manufacturer that a distributor has a delinquent account, manufacturers and distributors shall immediately cease sales, shipments of products, and providing services to the delinquent distributor on other than a cash basis.

Notification of payment on past due accounts.

(7) **The manufacturer** shall notify the commission and all manufacturers and distributors in writing by letter, facsimile or e-mail, no later than the next business day after receiving payment from the delinquent distributor for the outstanding account. Trade account sales may then resume with all manufacturers.

(8) **The distributor** that was placed on a credit hold shall notify the commission in writing by letter, facsimile or e-mail, no later than the next business day after

payment has been made to the manufacturer in which they were delinquent.

Failure to pay promissory notes.

(9) A creditor manufacturer or distributor shall immediately notify the commission if a distributor fails to abide by the terms of the promissory note and the process being pursued to correct the situation.

Administrative Orders for Chapter 230-20 WAC

Administrative Order #416 Effective 9/13/02

NEW SECTION

WAC 230-20-002 Shared facilities for bingo licensees – Separate management. Charitable and nonprofit bingo licensees shall enter into a written agreement prior to sharing a facility to conduct bingo games. Bingo licensees in shared facilities shall meet the following requirements prior to operating in a shared facility.

Notification to the director - written agreement.

(1) A written notification to share facilities must be made to the director at least thirty days prior to operating bingo in a shared facility. The notification must include, at a minimum, the following information:

- (a) Name of all organizations sharing the facility;
- (b) Names and signatures of the highest ranking officer for each organization involved;
- (c) Copies of any written agreements between organizations; and
- (d) The method by which expenses will be shared.

Requirements.

(2) Each bingo licensee sharing a facility shall maintain management over its own gambling activities.

(3) Each licensee will be solely responsible for its individual records, inventory, management, equipment, and operation of the gambling activities for which they hold a license.

(4) Each licensee must complete a separate quarterly activity report according to the gambling receipts and expenses it is responsible for under the terms of the written agreement between the licensees.

(5) Each licensee's head office or principal location defined in RCW 9.46.0205 must be located in the same county where the bingo game will be operated.

Administrative Order #416 Effective 9/13/02

NEW SECTION

WAC 230-20-005 Shared management and facilities for bingo licensees – Shared allocation of revenues and expenses. Charitable and nonprofit bingo licensees may enter into a written agreement to share a facility and the management of bingo games. No more than three bingo licensees shall share a facility. Bingo licensees operating under shared management and facilities shall meet the following requirements prior to operating:

Notification to the director - written agreement.

(1) A written notification to share facilities must be made to the director, at least thirty days prior to operating in a shared facility. The notification must include, at a minimum, the following information:

- (a) The name of the lead organization and lead manager;
- (b) Name of all organizations sharing the facility;
- (c) Names and signatures of the highest ranking officer for each organization involved;
- (d) Copies of any written agreements between organizations; and
- (e) The method by which the gross gambling receipts, net income, expenses and prizes will be apportioned among the licensees conducting bingo.

Management.

(2) All managers of the bingo operation must be a bona fide member or employee of at least one of the participating organizations.

(3) Nonprofit gambling managers shall not participate in the operation of bingo games at more than one bingo facility.

Accounting.

(4) Records must be maintained by the lead organization, which clearly disclose the amount of money received and expended by the bingo operation. Records of expenses shall disclose for what purpose the money was spent.

(5) Each licensee must complete a separate quarterly activity report according to the percentage of gambling receipts and expenses it is responsible for under the terms of the written agreement contract between the licensees.

(6) Each licensee's head office or principal location defined in RCW 9.46.0205 must be located in the same county where the bingo game will be operated.

(7) A separate bank account must be established and maintained by the lead organization which will be used to deposit all proceeds from the bingo operation and pay all of the expenses in connection with the bingo operation, including, but not limited to, all payments of prizes.

(8) Each licensee is responsible to keep records of gambling proceeds received from the bingo operation and the use of those proceeds towards the stated purpose of the organization.

Administrative Order #425 Effective 1/1/04

WAC 230-20-050 Use of proceeds. No part of the proceeds of any bingo game, raffle, or amusement game conducted by a bona fide charitable or bona fide nonprofit organization, except qualified agricultural fairs, shall be used for the benefit of any person other than the organization conducting the activity; except that if the activity is conducted by a licensee for the charitable benefit of a specific person or persons who have been listed as recipients of the proceeds, or a specified portion thereof, on the application for a license to conduct the activity, then the proceeds or specified portion thereof, may be used for the benefit of such

specific person or persons so designated if commission approval has been obtained prior to the organization conducting the activity for that purpose.

Administrative Order #425 Effective 1/1/04

The following section of the Washington Administrative Code is repealed:

WAC 230-20-052 Transportation Provided to Bingo Players

Administrative Order #428 Effective 4/17/04

WAC 230-20-059 Minimum cash flow requirements for bingo games – Contributions to stated purpose – Sanctions. Bingo shall be conducted only as a social pastime or for fund-raising to support the stated purpose(s) of a charitable or nonprofit organization. Organizations licensed to conduct bingo games shall comply with the following procedures and limitations:

Contributions.

(1) To ensure that organizations licensed to conduct bingo games meet the intent of RCW 9.46.010 and provide funds adequate to promote charitable and nonprofit programs, such organizations shall not allow their bingo operation to award prizes or pay expenses to conduct bingo games that are excessive and all capital expenditures for the bingo operation that exceed six thousand dollars shall be specifically approved by the governing board.

An organization licensed to conduct bingo games shall ensure that the adjusted cash flow from the bingo operation available for its charitable and nonprofit programs is at least the following amount during each calendar year:

(a) For gross receipts above \$1,500,000 up to \$2,500,000 - 3% of gross receipts over \$1,500,000;

(b) For gross receipts above \$2,500,000 up to \$3,500,000 - \$30,000 plus 4% of gross receipts over \$2,500,000;

(c) For gross receipts above \$3,500,000 up to \$4,500,000 - \$70,000 plus 5% of gross receipts over \$3,500,000; and

(d) For gross receipts above \$4,500,000 - \$120,000 plus 6% of gross receipts over \$4,500,000.

(e) If the licensee does not operate for a full year, the requirements shall be prorated based on full quarters operated.

Definitions.

(2) The following definitions shall apply to this section:

(a) "Gross receipts" shall mean the combined gross gambling receipts from bingo, pull-tab and punch board activities.

(b) "Adjusted cash flow from the bingo operation" shall mean the combined gross income of the bingo operation less all prizes and expenses, whether paid or

accrued. For the purposes of computing expenses, depreciation or amortization, shall not be considered an expense of the bingo operation.

(c) "Bingo operation" shall mean bingo games and all associated activities conducted in conjunction with bingo games at the same location including punch boards, pull-tabs, snack bar, retail sales activities, rental of the bingo premises and drawings authorized under WAC 230-20-242.

Sanctions for failing to maintain a positive adjusted cash flow.

(3) To ensure a licensee maintains a positive cash flow and is not operating primarily for gambling purposes, adjusted cash flow shall be measured quarterly. If a licensee does not maintain a positive cash flow from the bingo operation during any two consecutive calendar quarters, measured independently, the director shall summarily suspend the organization's bingo license.

Sanctions for failing to meet adjusted cash flow requirements - relief.

(4)(a) If a bingo licensee fails to meet the adjusted cash flow requirements of subsection (1) of this section for any calendar year, administrative action shall be taken to revoke the organization's bingo license: Provided, That if a licensee fails to meet the minimum adjusted cash flow requirements for any calendar year and has maintained a positive cash flow as required by subsection (3) of this section. The director shall automatically grant relief allowing a twenty-five percent reduction to the annual dollar amount of required adjusted cash flow in subsection (1) of this section, for the year in which the licensee is out of compliance;

(b) No organization granted relief under (a) of this subsection, shall be eligible to receive relief for any of the four calendar years following the calendar year for which the relief was granted; and

(c) Relief may be granted under (a) of this subsection for the calendar year beginning January 1, 2003.

Administrative Order #416 Effective 9/13/02

WAC 230-20-070 Regulation of managers, operators, and other employees – Charitable or nonprofit organizations. Charitable or nonprofit organizations shall closely supervise all persons involved in the conduct of all gambling activities operated to ensure all rules of the commission are followed. The following restrictions apply to managers, operators, and other employees:

Amusement games and raffles.

(1) **Amusement games and raffles.** No person other than a bona fide member of a qualified charitable or nonprofit organization shall take any part in the management or operation of, including the furnishing of equipment for amusement games, or work as an employee upon, amusement games or raffles conducted by that organization under a license from the

commission: Provided, That for purposes of this section, performing functions that are not of a supervisory or management nature shall not be considered taking part in the operation of amusement games or raffles if:

(a) Such functions are performed by:

(i) Employees of the organization, who are hired on a regular or part time basis, and who are employed primarily for purposes other than the conduct of such activities; or

(ii) Individuals who are volunteers, when they are under the supervision of a member and are not directly or indirectly compensated for such functions;

(b) The organization keeps records that will allow the commission to determine the amount of gross gambling receipts received from such activities and to identify individuals responsible for receiving and controlling such. Records shall include at least the following:

(i) The full names, addresses, and phone numbers of employees and members involved in the activity; and

(ii) The number of tickets issued, sold, or returned by each employee or member involved in raffle ticket sales.

(c) Any additional cost to administer raffles authorized under authority of this section is paid by the licensee.

Bingo.

(2) No person other than a bona fide member or an employee of a charitable or nonprofit organization shall take any part in the management or operation of bingo games conducted under a license issued by the commission, and no licensee shall allow any person not one of its members or employees to do so.

(a) No person other than a bona fide member of a charitable or nonprofit organization operating without a license under RCW 9.46.0321 shall take any part in the management or operation of bingo conducted by that organization and no such organization shall allow any person not one of its members to do so.

(b) No person who takes any part in the management or operation of a bingo game conducted by one licensee shall take any part in the management or operation of any bingo game conducted by any other organization, or any other branch of the same organization except under the following conditions:

(i) A person participating in the conduct of bingo games by one Class A, B, or C licensee may also participate in the conduct of bingo games by other Class A, B, or C licensees on a voluntary basis only when such person receives no remuneration for services to other licensees and when the requirements of (c) of this subsection are satisfied;

(ii) A person participating in the operation of bingo games conducted by one licensee under any class of license may also participate in the operation of bingo games conducted by other licensees under any class of bingo license, but only when that person has no managerial or supervisory responsibilities in connection with the operation of bingo activities by any licensee and when the requirements of (c) of this subsection are satisfied. An assistant gambling manager, as defined by

WAC 230-04-145(6), shall not be deemed a person having managerial or supervisory responsibilities for the purpose of this section and may participate as an hourly employee in the bingo operations of other bingo licensees; or

(iii) A person managing or taking part in the operation of a shared bingo operation as authorized by chapter 230-005 WAC.

(c) No licensee shall allow any person to take any part in the management, supervision or operation of a bingo game except in conformance with this rule.

Agricultural fairs.

(3) Certain premises excepted. The limitations set forth above in subsections (1) and (2) of this section shall not apply to qualified agricultural fairs conducting amusement games or bingo.

Administrative Order #416 Effective 9/13/02

WAC 230-20-104 Cash register method of receipting bingo income. A cash register receipt may be used to document receipt of bingo income as long as the following requirements and standards are met:

Standards.

(1) Cash registers used must perform the following functions or meet the following standards:

(a) Have sufficient keys to record separately each type of sale as required by WAC 230-08-080;

(b) Store and compute a total for each type of sale recorded and must be capable of providing such upon request;

(c) The memory unit of electronic cash registers must retain all transactions recorded during a session, regardless of whether or not its power source is interrupted;

(d) Record all transactions, customer receipt numbers, and control totals on the internal tape retained in the cash register. The internal tape, showing these transactions, shall be retained with the daily records of the licensee for a period of not less than three years; and

(e) The cash register must assign and imprint on the customer receipt and internal tape a minimum four-digit consecutive number for every sales transaction processed. This numbering system must be of a type that can only be reset by service personnel and does not return to zero at the conclusion of any period of use or power interruption: Provided, That a cash register not meeting the requirements of this subsection but having adequate alternative control features may be used if written commission approval is received before use; and

(f) Cash registers used to record receipts for Class D and above licensees shall also imprint a minimum three-digit consecutive number on the customer receipt and internal tape to notate each time transactions are totaled or when a set of transactions are totaled and closed: Provided, That a cash register not meeting the requirements of this subsection but having adequate

alternative control features may be used if written commission approval is received before use;

Customers receipts.

(2) The customer receipt must be imprinted with the following information:

- (a) The name of the licensee operating the activity;
- (b) The date;
- (c) The amount of money paid for the opportunity to play each type of game;
- (d) The total amount of money paid; and
- (e) The consecutive customer receipt number;

Retention.

(3) All cash register receipts for voids, overrings, returns, "no sales" and any other receipts not issued to a player must be retained with the daily bingo records;

(4) The internal cash register tapes from all uses other than bingo income receipting shall be retained by the licensee for not less than three years and be available for commission staff review upon request.

Shared bingo facilities.

(5) A cash register may be used by multiple bingo licensees sharing a facility when the following information is recorded on a cash register use log:

- (a) Name of the organization using the register;
- (b) Name and signature of the cashier at the end of use;
- (c) Beginning and ending transaction numbers;
- (d) Date; and
- (e) Beginning and ending time.

Administrative Order #413 Effective 7/1/02

The following section of the Washington Administrative Code is repealed:

WAC 230-20-111 Promotional activities –
Performances as gifts –
Advance approval required.

Administrative Order #413 Effective 7/1/02

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-20-125 Discounts and promotional gifts
– Authorized – Limits.

Administrative Order #416 Effective 9/13/02

WAC 230-20-170 Hours for bingo games. Bona fide charitable or nonprofit organizations, except when operating at an authorized agricultural fair or under RCW 9.46.0321, shall abide by the following restrictions when operating bingo games:

(1) Licensees shall not allow the use of their premises for bingo games between the hours of 2:00 a.m. and 6:00 a.m.: Provided, That the director may

allow closing hours to be adjusted beyond 2:00 a.m. as long as the following conditions are met:

(a) The director shall consult with the local law enforcement agency which has jurisdiction;

(b) The director shall consult with other state agencies involved in regulation of the business;

(c) A licensee must observe a four-hour period of closure at the end of each business day before beginning the next period of operation;

(d) At all times during the hours of bingo operation, a bingo manager must be on duty and in the licensed bingo area; and

(e) The licensee complies with any other terms and conditions imposed by the director.

(2) The director may deny the request for extended hours or revoke hours already approved if the local law enforcement agency or a state agency objects or if the director determines that the licensee has violated any provisions of chapter 9.46 RCW, any other commission rule, or any of the terms set forth in subsection (1) of this section. All objections to changing a licensee's operating hours or requests to revoke an approved operating schedule must be submitted in writing.

(3) The commission shall afford a licensee an opportunity for a brief adjudicative proceeding prior to denying or revoking the licensee's authorization for extended bingo hours of operation. The brief adjudicative proceeding shall be heard by an administrative law judge, under the provisions set forth in WAC 230-50-010(6), and RCW 34.05.482 through 34.05.494.

Administrative Order #425 Effective 1/1/04

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-20-190 Bingo Card Prices

Administrative Order #413 Effective 7/1/02

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-20-230 Free games for winners –
Restrictions.

Administrative Order #425 Effective 1/1/04

WAC 230-20-242 Activities conducted as a part of bingo games – Authorization – Restrictions. Bingo licensees may award prizes to winners of activities authorized by this section when such activities are conducted as a part of bingo games. Such activities shall be deemed to be bingo games if all players paying to participate are allowed to compete equally and all prizes awarded are treated as bingo game prizes for purposes of compliance with WAC 230-20-059.

(1) Drawings. Each licensee shall be allowed to award prizes that are determined by a random drawing of tickets or by other random selection methods involving the numbering system on such tickets if the requirements of WAC 230-20-105 are followed: Provided, That upon approval by commission staff, a licensee may use bingo cards in place of tickets if the requirements of WAC 230-20-107 are followed, and:

(a) All rules regarding these drawings, including requirements to qualify for participation, time and date of the drawing, and whether a player must be present to win, are clearly posted and distinctly explained to the players;

(b) Tickets or other facsimiles used to enter such drawings are awarded only to players purchasing cards to play in bingo games;

(c) Tickets, from which the winners of any such drawing are selected, shall not be accumulated for a period that is longer than thirty days. Drawings may be conducted using tickets that accumulate during any bingo occasion, week, or any other period that does not exceed thirty consecutive days;

(d) Players may only be awarded or otherwise receive tickets to participate in drawings at bingo games by meeting the following criteria:

(i) Pay an amount not to exceed one dollar per ticket. If a licensee elects to charge for entry into drawings, such drawings shall not be combined with other means of entry allowed by this subsection, and the gross gambling receipts, prizes, and expenses shall be recorded and reported as bingo activities: Provided, that if players are required to purchase tickets to enter the drawing, they shall not be required to be present to win if the drawing is not held at the same session as tickets are purchased;

(ii) Be a winner of a bingo game during the session;

(iii) Be a "good neighbor" winner, as defined by subsection (2) of this section; or

(iv) Meet other specific and predetermined criterion that has been approved by the director;

(e) The criterion for granting tickets, and the number of tickets awarded during each session, shall be recorded in the daily bingo record for each session. All winning tickets and other records shall be maintained as a part of the daily bingo records.

(2) "Good neighbor" prize schemes. A licensee may award prizes based upon the seating location of a player or players in regards to a winner of a bingo game or other approved criteria. The following requirements must be observed prior to awarding "good neighbor" prizes:

(a) All rules regarding these prizes, including the amount to be awarded to each "good neighbor" or group of "good neighbors" and all requirements to qualify for a prize, must be clearly posted and distinctly explained to the players; and

(b) A record shall be completed setting out the criterion for awarding such prizes, the number of such prizes awarded during each session, and all details required by WAC 230-08-080 and 230-20-102. Such

record shall be maintained as a part of the daily bingo records.

(3) Second element of chance schemes. Licensees may use these schemes to increase the minimum prize for a bingo game after the winner(s) of the game has been determined by calling numbers and symbols if:

(a) The schemes do not involve the use of gambling devices specifically prohibited by public policy or commission rules;

(b) A player's minimum odds of winning the highest prize is equal to or greater than one winner out of one hundred twenty-five chances or the probability of winning the highest prize is .008 or greater;

(c) The scheme does not require the player to risk any portion of a prize already won;

(d) Every possible outcome of the scheme provides the player with an additional prize;

(e) All rules regarding play of the game are clearly posted and distinctly explained to the players. At least the following information shall be disclosed:

(i) The players minimum odds of winning the highest prize;

(ii) How a winner is determined;

(iii) Any contingencies or special requirements that may affect the outcome;

(iv) The cash value of the highest prize available; and

(v) Any financial burden that must be borne by the winner, such as taxes or registration fees.

(f) All requirements of WAC 230-20-010 are met before cards are purchased; and

(g) The scheme and supporting records contain control factors necessary for commission audit.

Administrative Order #409 Effective 7/1/02

WAC 230-20-244 Electronic Bingo Card Daubers – Definition – Operating Restrictions – Standards. The commission deems that any device, apparatus, or scheme that allows a player in any gambling activity a material advantage over other players is against public policy and restriction of such is in the public's interest. Electronic bingo card marking devices or daubers are deemed to provide a player a material advantage unless operated in accordance with subsection (2) of this section. For purposes of this title, the following definitions, restrictions, and standards apply to such devices:

Definition.

(1) Electronic bingo card daubers are defined as electronic appliances used by players to identify bingo cards that contain numbers or symbols input by a player. These devices electronically store preprinted bingo cards purchased by a player, provide a means for players to input numbers or symbols called by the operator, compare the numbers or symbols input by the player to bingo cards previously stored in an electronic data base, and identify to the player those stored bingo cards that contain the numbers or symbols input by the player: Provided, That player-owned devices, which are

not directly interfaced with or connected to equipment used to conduct bingo games or the electronic data base in which electronically generated bingo cards are stored in any manner, are not "electronic bingo card daubers" for purposes of this title;

Operating restrictions.

(2) Electronic bingo card daubers will not be deemed to provide players a material advantage and may be used by players in bingo games when operated in the following manner:

Player responsibilities.

(a) The player must perform at least the following functions:

(i) Input each number or symbol called by the operator into the memory of the dauber unit by use of a separate input function for each number symbol. Automatic or global marking of numbers or symbols is prohibited;

(ii) Notify the operator when a winning pattern or "bingo" occurs by means that do not utilize the dauber unit or the associated system; and

(iii) Identify the winning card and display the card to the operator;

Maximum number of cards to be played during each game.

(b) Each electronic dauber unit shall not allow a player to play more than sixty-six cards at one time.

(c) Each player shall not use more than one electronic dauber at any point in time. Provided, That a player can play an unlimited amount of disposable or hard bingo cards in addition to using one electronic dauber unit.

Reserving electronic bingo card daubers.

(d) Operators shall not reserve electronic daubers for any player. An operator must devise and disclose to players a scheme for assignment of dauber units to players during each session. Such schemes shall allow all players an equal opportunity to utilize the available dauber units. If a drawing is used to assign dauber units to players, the operator shall ensure that each player participating in the drawing has an equal chance to win: Provided, That operators that offer electronic dauber units shall reserve at least one device for players with disabilities that would restrict their ability to mark cards and such disabilities are consistent with definitions set forth in the Americans with Disabilities Act (ADA). If there are no requests for use of this unit prior to fifteen minutes before the scheduled start of the session, it may be made available for use by any players;

Fees.

(e) If operators charge players a fee for use of the electronic daubers, such fees must be a flat fee and shall not be based on the number or dollar value of cards purchased. Rental fees shall be considered bingo receipts for purposes of WAC 230-12-020: Provided, That players with disabilities that would restrict their ability to mark cards and such disabilities are consistent with the ADA shall not be required to pay a rental fee or

to comply with minimum purchase requirements imposed on all players utilizing electronic daubers. Such players are required to comply with any minimum purchase requirement imposed on all players by an operator;

Card requirements.

(f) Each player utilizing an electronic dauber must have in their possession cards that meet all requirements of WAC 230-20-240 and 230-20-106. Electronic images of cards or faces stored in such devices are for player convenience only and are not bingo cards for purposes of this title;

Leasing by an operator.

(g) If the electronic daubers are leased to an operator, the lease cannot be based in whole or part on the amount of bingo card sales or rental income derived from such devices; and

Discounts and marketing schemes.

(h) The use of electronic daubers is prohibited when a licensee utilizes any marketing scheme for cards that results in a decrease in the per unit price of each card as the number of cards purchased increases: Provided, That a single discount level is authorized for each type of card sold if:

(i) The licensee has a minimum purchase requirement;

(ii) The discount applies to all additional cards purchased; and

(iii) "All you can play" schemes are prohibited;

Standards.

(3) Electronic bingo card daubers must meet the following standards:

(a) Be manufactured by licensed manufacturers;

(b) Be sold, leased, and serviced by licensed distributors or manufacturers: Provided, That operators may perform routine maintenance on devices under their control;

(c) Not be capable of accessing the electronic computer system in any manner that would allow modification of the program which operates and controls the dauber units or the cards stored in the electronic data base; and

(d) Be capable of complying with applicable requirements of WAC 230-20-106.

Administrative Order #409 Effective 7/1/02

WAC 230-20-246 Manner of Conducting Bingo. In addition to all other requirements set forth in this Title, the following limitations and procedures shall be utilized for conducting bingo games:

Location of game.

(1) For purposes of this Title, a bingo game shall be deemed conducted at the premises at which cards are sold and winners are determined;

Cards to be sold on premises only.

(2) All sales of bingo cards shall take place upon the licensed premises during or immediately preceding the session for which the card is being sold;

Purchasing bingo cards.

(3) Bingo cards shall be sold and paid for prior to selection of the first symbol or number for a specified game or specified number of games: Provided, That cards may be sold after the start of a game, or number of games, if the late sale does not allow any player an advantage over any other player. Hard cards purchased or exchanged after the first symbol or number is selected may only be used during subsequent games. Any sales method that allows a player to select a specific disposable or throwaway card shall be deemed to allow the player an advantage;

Reserving cards not allowed - exception for braille.

(4) No operator shall reserve, or allow to be reserved, any bingo card for use by players: Provided, That braille cards or other cards for use by visually impaired or disabled players may be reserved. Visually impaired players may use their personal braille cards when a licensee does not provide such cards. The licensee shall have the right to inspect, and to reject, any personal braille card. A visually impaired or disabled person may use a braille card or reserved hard card in place of a purchased throwaway;

Price and appearance of cards.

(5) All cards sold to participate for a specific prize or set of prizes shall be sold for the same price and be distinct and readily distinguished from all other cards in play: Provided, That similar cards used to participate for the same prize or set of prizes may be sold at a discount which is based solely on volume if each separate discount price is recorded using a separate sales identification code and records provide for an audit trail;

Number/symbols to be selected on premises.

(6) All symbols or numbers shall be selected on the premises and in the presence of players paying to participate in the game. Immediately following the drawing of each ball in a bingo game, the caller shall display the symbol or number on the ball to the participants: Provided, That this subsection does not apply to games being played for a linked bingo prize, as long as the drawing of the balls can be viewed by all participants;

Calling the number/symbol.

(7) The symbol or number on the ball shall be called out prior to the drawing of any other ball;

Posting number/symbol on flashboard.

(8) After the symbol or number is called, the corresponding symbol or number on the licensee's flashboard, if any, shall be lit for participant viewing. In a game where a symbol or number on the ball is not applicable to the game being played, it is not necessary to call that symbol or number to the participants before placing it for viewing on the flashboard;

Determining winners.

(9) A game ends when a specific pattern has been achieved by a player or a specific number of symbols or numbers has been called. Each game shall be played using a separate selection process: Provided, That the same or a continuing selection process may be used to play the following games:

(a) Interim or "on-the-way" games, including "instant winner" games in which winners are determined by matching a predetermined number of symbols or numbers to balls called, or by matching a predetermined pattern within an established number of calls;

(b) Games for which cards are sold for different prices and players win a different prize depending on the price they pay to play; and

(c) Bonus games which are games played concurrently with other bingo games and the winner is determined by a player calling a valid bingo which includes a predetermined or preselected number or symbol;

Prizes available.

(10) No bingo game shall be conducted to include a prize determined other than by the matching of symbols or numbers on a bingo card with symbols or numbers called by the licensee, except as authorized by WAC 230-20-242. All persons who have paid to participate in the game are competing for a specific prize or a portion of a prize pool.

Multiple winners.

(11) If a prize pool has been designated and more than one player achieves a winning pattern at the same time, all such players shall be considered the winner and a portion of the prize pool shall be equally divided among all players achieving the same winning pattern;

Establishing prizes.

(12) The minimum amount of an individual prize, prize pool, or portion of a prize pool available for each bingo game shall be established and disclosed to bingo game players prior to their purchase of a chance to participate in a bingo game. The minimum prize may be increased by the gambling manager before the start of a game or through the following schemes during the game:

(a) Schemes using standard bingo equipment and cards such as:

(i) Number of symbols or numbers called before a player achieving a winning combination;

(ii) The specific symbol or number called;

(iii) The specific letter called;

(iv) Position of winning combinations on the card;

(v) Position of the card on the sheet of cards;

(vi) Odd or even symbol or numbers; and

(vii) The number of symbols or numbers matched within a specific number of calls;

(b) Schemes preprinted on disposable cards that rely on a number or symbol called during a game; or

(c) Second element of chance schemes authorized by WAC 230-20-242(4).

Winner verification.

(13) Immediately upon a bingo player declaring a winning combination of symbols or numbers, the winning card shall be verified using one of the three methods listed below:

(a) The card or electronic dauber card image is inspected by an employee of the bingo operation and at least one neutral player;

(b) The card or electronic dauber card image is verified by an employee of the bingo licensee. The bingo licensee's employee must immediately enter the bingo card number into an electronic verifier and broadcast the winning card on video screen(s) for all players to view. If this method is used, any player can request to see the actual winning card and must be given the opportunity to do so;

(c) Games played as "instant winners" and awarding fifty dollars or less do not need to be verified by a neutral player if an audit trail is maintained including a method which identifies the winning combination of numbers, symbols, or patterns and the numbers, symbols, or patterns called.

Additional ball to be called.

(14) Upon a bingo player declaring a winning bingo, the next ball out of the machine shall be removed from the machine prior to shutting the machine off and shall be the next ball to be called in the event the declared winning bingo is not valid;

Awarding prizes.

(15) After a winning bingo is validated, the prize shall be awarded using the following procedures:

(a) Each winner shall be required to provide proof that they have purchased the winning bingo card. The licensee shall review the prize winner's income receipt and determine that the player has properly purchased all cards played during the games, including the winning card;

(b) Each prize winner shall be positively identified. The licensee shall require such proof of identification as is necessary to establish the prize winner's identity prior to paying any prize. The winner is responsible for furnishing proof to the licensee that all information required by this rule is true and accurate. Prizes may be withheld until the winner has provided adequate identification;

(c) The prize shall be awarded and a record made by completing a prize receipt as required by WAC 230-08-080 and 230-20-102. A complete address and tax payer identification number should be recorded for each prize valued at \$1,200 or more;

(d) All prizes for a particular game must be available prior to starting the game and shall be awarded by the end of the related session: Provided, That linked main and bonus prizes must be paid within forty-eight hours;

(e) All merchandise offered as prizes to bingo players shall have been paid in full, without lien or interest of others, prior to the merchandise being offered as a prize: Provided, That the licensee may enter into a contract to immediately purchase the merchandise when it is awarded as a prize, with the contract revocable if

prize winners are allowed to exercise an option to receive a cash prize or the prize is no longer offered; and

Games shall be run fairly.

(16) No operator shall engage in any act, practice, or course of operation as would operate as a fraud to affect the outcome of any bingo game.

Administrative Order #409 Effective 7/1/02

WAC 230-20-249 Three Number Speed Bingo – Operational Procedures – Restrictions. Licensees may play "speed bingo" if the conditions set forth in this section are followed:

Definition.

(1) For purposes of this section, "three number speed bingo" is defined as a bingo game that:

(a) Is played using a reduced number of balls and special cards with less than twenty-five spaces;

(b) The rate of calling numbers is faster than normal;

(c) The price to play includes an "ante," which is retained by the licensee, and a wager that begins at three units and decreases by one for each number covered on a player's card;

(d) Players compete against all other players for a pool of prizes that varies according to the numbers covered by players during the game;

(e) An "ante" is the fee retained by the licensee which allows a patron to play speed bingo; and

(f) A wager is the total dollar value of chips used to cover the numbers on a player's card;

Restrictions.

(2) The following restrictions apply to speed bingo:

(a) The price to play speed bingo, including wagers, shall not exceed seven dollars per card, per game;

(b) The price to play shall be the same for each card;

(c) The licensee shall not retain any part of players' wagers and all wagers not covering a called number on a player's card shall be paid to winners. If there is more than one winner, wagers shall be equally split among all winners: Provided, That licensees may develop a scheme for splitting odd numbers of chips between winners;

(d) Gross gambling receipts for speed bingo shall be only the amount of fees collected from players for tickets to participate and excludes wagers and prizes paid to players;

(e) A progressive jackpot or accrued prize fund is authorized if:

(i) Requirements of WAC 230-20-102(7) are followed; and

(ii) The prize fund or jackpot is funded solely from the "ante" collected by the licensee;

Rules of play.

(3) Speed bingo shall be played as follows:

(a) The game shall be played using thirty numbered balls, with numbers one through seventy-five available for use;

(b) Special cards that have three spaces imprinted with numbers that correspond to the numbers on the balls utilized for play;

(c) The licensee may elect to collect fees by charging a set amount for each card for the entire session or an amount per card for each game;

Additional ticket receipting requirements.

(d) The ticket receipting method set forth in WAC 230-20-105 shall be used to receipt for income received to play games. In addition, the following requirements shall be met:

(i) All tickets sold and collected must be canceled by stamping the calendar date on the ticket at the time of sale or permanently defacing the tickets when collected;

(ii) All tickets sold for per session fees shall be accounted for using the combination receipting method set forth in WAC 230-20-108;

(iii) Tickets sold and collected from players shall be reconciled to cash for each session;

Wager limits.

(e) Wagers shall be made and prizes paid using wagering chips. Wagers may be valued at any price as long as the total value of wagers and fees does not exceed seven dollars per card, per game. For licensees charging a flat fee per session to participate, the fee per game shall be determined by dividing the fee per session by the minimum number of games to be played;

Standards for chips.

(f) The bingo licensee shall furnish all chips in connection with the bingo game conducted on its premises. All chips shall be of generally conventional size and design, and include safeguards that maximize the integrity of the bingo games. The licensee shall furnish chips that meet the following standards:

(i) The bingo licensee's logo or name;

(ii) The chip value clearly denoted;

(iii) Be produced by a licensed manufacturer; and

(iv) Be purchased from a licensed manufacturer or distributor;

Bank services.

(g) The licensee shall sell its chips to all players desiring to buy them and redeem all chips for the value for which they were sold. The licensee shall collect the money taken in on chips sold and fees collected and shall keep these funds separate and apart from all other money received by the licensee;

Player to pay with ticket.

(h) Each player pays the licensee one ticket for each bingo card played for each game: Provided, That when the licensee charges a per session fee, the player's ticket and cash register receipt must remain visible and on the table at all times during the game;

Player's beginning wager.

(i) Each player's beginning wager is three chips for each bingo card played during any single game. A player must have three chips for each card being played prior to the beginning of the game;

Wagering during the game and winner verification.

(j) During play of the game, players place a wagering chip on each number on their cards that is matched with called numbers. Once a wagering chip is used to cover a valid number, it is retained by the player and no longer available to be won by the game winner(s). Wagering chips must remain on the number on the card until all losing wagers are collected from players by the licensee. The bingo worker collecting wagers must verify that covered numbers are valid;

(k) The first player to cover all three numbers on any card is the winner;

(l) After the winning card is verified, all unprotected chips are collected from all players and paid to the winner;

Rules not applicable to speed bingo.

(4) The following WAC sections are not applicable to speed bingo:

(a) WAC 230-20-010 (1)(b) requiring all prizes available to be disclosed to players prior to their paying to participate: Provided, That licensees shall disclose the per-card cost to play and the amount of wagers required to play a single card;

(b) WAC 230-20-240(2) requiring that seventy-five balls, numbered one through seventy-five, be used to conduct games;

(c) WAC 230-20-240 (4)(a) requiring bingo cards to have twenty-five spaces;

(d) WAC 230-20-240(5) requiring Class F and above licensees to use disposable or electronically-generated bingo cards;

(e) WAC 230-20-101 regarding the ticket receipting method;

(f) WAC 230-20-246(6) requiring the symbol or number to be displayed to players: Provided, That the symbol or number must be displayed by use of a flashboard required by WAC 230-20-240(3) and the flashboard and audio system shall be fully functional; and

(g) WAC 230-08-080(2) and 230-20-102 regarding records for prizes awarded.

Administrative Order #406 Effective 1/1/02**WAC 230-20-325 Manner of Conducting a Raffle.**

Only charitable and nonprofit organizations may conduct a raffle. All raffles, except as authorized in WAC 230-02-335 (members-only raffles), shall be conducted utilizing the following operating procedures:

Price per ticket - maximum \$25.

(1) Each raffle ticket may not be sold for more than twenty-five dollars. Every raffle ticket for a particular raffle must be sold for the same price: Provided, That

tickets may be bundled together and sold at a discount, as authorized by subsection (2) of this section.

Discount schemes for tickets.

(2) The director may authorize a raffle licensee to sell tickets at a discount when the following requirements are met:

License required.

(a) The organization must have a current Class E or higher raffle license: Provided, That Class C or Class D raffle licensees may offer discounted tickets if all recordkeeping requirements of WAC 230-08-070 are followed.

Request for approval.

(b) A request for approval of discounted sales must be received at the Lacey headquarters office at least thirty days prior to beginning the first raffle for which such approval is requested. The request for approval shall include, at a minimum, the following information:

- (i) A full description of the discount scheme;
- (ii) The account controls and records that will be used; and
- (iii) A copy of a raffle ticket and the booklet cover to be used in the raffle.

Subsequent discount schemes.

(c) After a licensee has received approval for a discount scheme, the licensee may utilize the identical discount scheme in subsequent raffles, unless approval is rescinded or commission rules change.

Cost of approval.

(d) The licensee shall reimburse the commission for costs incurred to review discount schemes: Provided, That the licensee will not be charged for the first two hours of service (WAC 230-12-315).

Amount of discount.

(e) Only one discount scheme is allowed for each raffle. The amount of the discount must be set prior to selling any raffle tickets and must not be changed during the raffle.

Bundling tickets.

(f) Raffle tickets bundled to be sold at a discount must meet the following requirements:

- (i) Discounted tickets must be bundled into booklets that contain the number of tickets set forth in the approved scheme. For example, if single tickets are sold for five dollars each, the discount scheme may allow three tickets to be bundled together and sold for ten dollars;
- (ii) Tickets bundled into booklets shall not be removed from the booklet and sold individually; and
- (iii) The cover of each ticket booklet shall be imprinted with the following:
 - (A) A description of the sales scheme;
 - (B) The number of tickets in the booklet;
 - (C) The total cost of the booklet; and
 - (D) A control number that meets the requirements of subsection (3) of this section.

Accounting.

(g) Accounting procedures must be established and provide controls necessary to allow commission staff the ability to audit gross gambling receipts from ticket sales.

Numbering of tickets.

(3) To provide an adequate audit trail, all raffle tickets shall be:

- (a) Consecutively numbered; or
- (b) Imprinted with letters or symbols which are not repeated within the population of all tickets sold for a particular raffle.

Purchasing tickets.

(4) No person shall be required to purchase more than one raffle ticket.

No free tickets or chances to win.

(5) Free tickets, or an opportunity to participate in a raffle drawing without purchasing a ticket, are not allowed for any reason, including, but not limited to, the following:

- (a) Awarded or given away as a prize;
- (b) For purchasing a certain number of raffle tickets; or
- (c) As a reward for selling raffle tickets.

Ticket stub information.

(6) Raffle tickets sold to the general public or for raffles that do not require the winner to be present at the drawing shall include a stub or other detachable section bearing a duplicate number, letter, or symbol corresponding to the number, letter, or symbol on the ticket or object representing the player's chance. The portion retained by the raffle operator shall include the participant's name, complete address, telephone number, and/or other information necessary to notify the winner.

Ticket stubs to be placed in receptacle for drawing.

(7) Each person that sells a raffle ticket shall give the raffle licensee all ticket stubs or other detachable section of all tickets sold. The licensee shall place each stub or other detachable section of each ticket sold into a receptacle from which the winning tickets will be drawn.

Drawing the winning tickets.

(8) The ticket collection receptacle shall be designed so that each ticket has an equal opportunity to be drawn: Provided, That an alternative drawing format to determine the winners may be utilized, as authorized by subsection (9) of this section.

Alternative drawing format.

(9) The director may authorize a raffle licensee to determine the winners utilizing an alternative drawing format when the following requirements are met:

License required.

(a) The organization must have a current raffle license.

Request for approval.

(b) A request for approval for an alternative drawing format must be received at the Lacey headquarters office at least thirty days prior to beginning the first raffle for which such approval is requested. The request shall include, at a minimum, the following information:

- (i) The type of random selection process to be used and complete details of its operation;
- (ii) The name and telephone number of the raffle manager; and
- (iii) The signature of the organization's chief executive officer.

Subsequent alternative drawing formats.

(c) After a licensee has received approval to utilize an alternative drawing format, the licensee may utilize the identical drawing format in subsequent raffles, unless approval is rescinded or commission rules change.

Cost of approval.

(d) The licensee shall reimburse the commission for costs incurred to review alternative drawing formats: Provided, That the licensee will not be charged for the first two hours of service (WAC 230-12-315).

Additional requirements.

(e) The alternate drawing format must meet the definition of a drawing as defined by WAC 230-02-500;

(f) The random selection process used in the alternative format shall be fully disclosed to each player prior to selling a ticket; and

(g) The alternate drawing format must be closely controlled by the licensee.

Selling tickets.

Members only to sell - exception.

(10) Tickets must be sold by members of the organization or volunteers under the supervision of a member under the requirements set forth in WAC 230-20-070(1).

Compensation or incentives for sales.

(11) Members shall not be paid for selling tickets, managing or operating a raffle: Provided, That noncash incentive awards may be provided to members for selling tickets if the following requirements are met:

- (a) Individual awards do not exceed a fair market value of ten dollars;
- (b) The awards are based on the number of chances sold; and
- (c) The fair market value of the total amount awarded for an individual raffle does not exceed two percent of the gross gambling receipts of the raffle.

Prizes.

(12) Prizes must be owned by the organization conducting the raffle prior to drawing the winning tickets. Raffle prizes must meet the following requirements:

(a) Firearms shall not be awarded as prizes: Provided, That a raffle licensee may award firearms as prizes under the provisions set forth in WAC 230-12-040;

(b) Liquor shall not be awarded as prizes: Provided, That unopened containers of liquor may be awarded as a prize in members-only raffles when the proper permit is obtained from the liquor control board (RCW 9.46.0315 and WAC 230-20-335);

(c) The amount of money spent on prizes must meet the requirements set forth in WAC 230-20-015; and

(d) Prizes shall be controlled as set forth in WAC 230-20-300.

Rules must be provided to participants.

(13) All participants in a raffle must be informed of all rules by which prizes may be won at the time the ticket is purchased. This information shall be provided by either imprinting such on the participant's portion of the ticket or otherwise providing such to each participant in writing.

The following information shall be provided to each participant:

- (a) The cost of each chance;
- (b) All prizes available, whether cash or merchandise;
- (c) Date and time of drawing;
- (d) Location of drawing;
- (e) Whether an entrant is required to be present at a raffle drawing in order to be eligible to win a prize; and
- (f) Name of organization conducting the raffle.

Posting the raffle license.

(14) The raffle license or a copy of the license must be posted in a location readily visible by all raffle participants during the entire time the drawing of winners is being conducted.

Joint raffles.

(15) Raffle licensees may join together to conduct a raffle when the provisions set forth in WAC 230-20-350 are met.

Members-only raffles.

(16) Organizations may conduct members-only raffles under simplified procedures set forth in WAC 230-20-335.

Administrative Order #406 Effective 1/1/02

WAC 230-20-335 Members-only raffles – Procedures – Restrictions. Organizations may conduct members-only raffles utilizing simplified procedures. For purposes of this section, "members-only raffle" means a raffle conducted by selling chances only to members of the organization and a limited number of guests, and determining the winners from among those members and guests that have purchased chances. The following procedures and restrictions supplement or modify WAC 230-08-070 and 230-20-325 and apply only to members-only raffles:

Licensed versus unlicensed.

(1) An organization may conduct an unlimited number of unlicensed members-only raffles if the combined gross revenue from the raffles does not exceed five thousand dollars during a calendar year. If

the organization plans to exceed the five thousand dollar gross receipts limit, it must obtain a raffle license.

Raffle to begin and end during membership meeting.

(2) In order to conduct raffles utilizing these simplified procedures, all phases of the raffle must be completed during a meeting of the members, and the meeting must be completed on the same day and at the same location without interruption;

Limit on number of guests.

(3) If guests are allowed to participate, the total number of guests, as a percentage of the total attendance of the meeting, shall not exceed twenty-five percent. Records shall be maintained that will allow commission staff to determine compliance with this requirement;

Rules of play.

(4) All disclosures required to be imprinted on a raffle ticket or chance may be provided to participants by posting a sign at each ticket sales point;

Tickets.

(5) Chances to enter a raffle may be included as a part of a package that includes dues, entertainment, or other fund-raising activities if the value of each component of the package is disclosed to the purchaser and the value of each individual raffle chance does not exceed twenty-five dollars: Provided, That initial applications for membership and any fees paid for such shall not include chances to enter raffles or to participate in any gambling activities;

Modified pricing schemes for tickets.

(6) The director may authorize an organization to deviate from the "same price" requirements of WAC 230-20-325 (1) when the following requirements are met:

License required.

(a) The organization must have a current raffle license.

Request for approval.

(b) A request for approval of a modified pricing scheme must be received at the Lacey headquarters office at least thirty days prior to beginning the first raffle for which such approval is requested.

Subsequent pricing schemes.

(c) After an organization has received approval for a modified pricing scheme, the organization may utilize the identical approved pricing scheme in subsequent raffles, unless approval is rescinded or commission rules change. The following modified pricing schemes may be approved by the director:

Different prices for tickets - one cent to ten dollars.

(d) Chances to enter a raffle may be sold for different values, ranging from one cent to a maximum of ten dollars, if the following conditions are met:

(i) The scheme for assigning the cost of the ticket must be disclosed to the player before selling them a chance to participate. This disclosure shall include the

total number of tickets in the population and the number of tickets at each price level;

(ii) Participants must be allowed to randomly select their ticket from the population of remaining tickets. Participants pay the amount imprinted upon the ticket they select;

(iii) The scheme provides an adequate audit trail that will allow commission staff and taxing authorities to determine gross gambling receipts;

(iv) The total gross gambling receipts available from raffles utilizing such schemes are limited to five thousand five dollars for each drawing;

(v) No more than two such drawings are conducted during a meeting of the members.

Discount based on number of tickets purchased.

(e) Chances may be sold for a discounted price that is based on the number of tickets a player purchases if:

(i) Participants are allowed to purchase a single ticket;

(ii) Only one discount scheme is allowed for each raffle. The amount of the discount must be set prior to beginning sales for the raffle ;

(iii) The cost of a single ticket, without a discount, does not exceed two dollars;

(iv) The total cost of a discount package does not exceed twenty-five dollars;

(v) The cost of a single ticket shall be imprinted on each ticket (i.e., one dollar a piece or twelve for ten dollars; or two dollars a piece or fifteen for twenty dollars); and

(vi) The licensee shall establish an audit system that includes controls and procedures that will allow commission agents and taxing authorities the ability to determine gross gambling receipts from the sale of tickets utilizing discounts. Such system shall be submitted to the director or the director's designee as a part of the approval request;

Other pricing schemes.

(f) Multiple tickets to enter one or more drawings may be sold as a package as long as the total price of the package does not exceed twenty-five dollars; and

(g) Alternative pricing schemes may be used if specifically authorized by the director. Approval will be issued on an individual basis and will require a detailed written request;

Alternative drawing formats.

(7) The director may authorize an organization to determine the winners utilizing an alternative drawing format when the following requirements are met:

License required.

(a) The organization must have a current raffle license.

Request for approval.

(b) A request for approval of an alternative drawing format for a members-only raffle must be received at the Lacey headquarters office at least thirty days prior to beginning the first raffle for which such approval is requested. Requests for approval of alternative drawing

formats shall be signed by the organization's raffle manager.

Subsequent alternative drawing formats.

(c) After an organization has received approval for an alternative drawing format, the organization may utilize the identical alternative drawing format in subsequent raffles, unless approval is rescinded or commission rules change.

Incentives for selling tickets.

(8) The limitations on noncash incentive awards for an individual raffle, set forth in WAC 230-20-325 (11), are modified to allow awards that do not exceed five percent of the combined gross gambling receipts for all raffles conducted during a membership meeting if a record of the name, address, and telephone number is maintained for all persons receiving awards valued in excess of fifty dollars;

Prizes.

(9) Prizes must be owned by the organization conducting the raffle prior to drawing the winning tickets. Raffle prizes must meet the following requirements:

(a) Firearms shall not be awarded as prizes: Provided, That a raffle licensee may award firearms as prizes under the provisions set forth in WAC 230-12-040;

(b) Unopened containers of liquor may be awarded as a prize when the proper permit is obtained from the liquor control board;

(c) Prize limits must meet the requirements set forth in WAC 230-20-015; and

(d) Prizes shall be controlled as set forth in WAC 230-20-300.

Records.

(10) Raffle records, as required by WAC 230-08-070, are modified as follows:

(a) The threshold value for maintaining a record of the name, address, and telephone number of each winner of a prize is increased to include only prizes valued in excess of fifty dollars;

(b) Ticket disbursement records are not required; and

(c) Minimum record retention period is reduced to a period that is not less than one year following the date of each individual raffle drawing.

Administrative Orders for Chapter 230-30 WAC

Administrative Order #432 Effective 8/13/04

WAC 230-30-033 Event Pull-Tab Series – Definitions – Restrictions. Charitable or nonprofit bingo operators may use event pull-tab series under the following definitions and restrictions.

Definitions.

- (1) The following definitions apply to this section:
 - (a) "Event pull-tab series" means a pull-tab series that includes a predetermined number of pull-tabs which allow a player to advance to an event round;
 - (b) "Event round" means a secondary element of chance where the prizes are determined based on pull-tabs which match specific winning numbers drawn in a bingo game. The winning numbers must fall within numbers 1 through 75.

Manufacturing restrictions.

- (2) The following manufacturing restrictions apply to this section:
 - (a) An event pull-tab series shall be manufactured meeting all standards of construction included in WAC 230-30-103;
 - (b) An event pull-tab series may include instant winning prizes in addition to event round prizes;
 - (c) The flare shall clearly set out the following:
 - (i) All prizes available, in accordance with WAC 230-30-106;
 - (ii) The number of chances available to advance to the event round;
 - (iii) How the event round winner is to be determined; and
 - (iv) The number of winning pull-tabs at the instant winner level, and the number of winning pull-tabs at the event round level.

Operational restrictions.

- (3)(a) The event pull-tab series must be played in a charitable or nonprofit bingo hall and must be played and completed within one bingo session;
- (b) Prior to putting an event pull-tab series into play, the operator must fully disclose, in plain view, when the event round (which involves the second element of chance) will take place;
- (c) Event pull-tab series must be available for purchase until immediately prior to the event round, unless the game has been completely sold out;
- (d) A licensed manager must be present at all times an event pull-tab series is in play, including sales of tickets and selection of winners;
- (e) Event pull-tab tickets may be sold by floor workers (for example, from aprons). This method of selling pull-tabs only applies to an event pull-tab series. Detailed accounting records shall be maintained as prescribed by commission staff to track the event pull-tab tickets issued to each floor worker.
- (f) Event pull-tab series that offer a carry-over jackpot shall meet the requirements set forth in WAC 230-30-045.

- (g) Substitute flares and bonus pull-tab series are prohibited for use with event pull-tab series.

Administrative Order #410 Effective 7/1/02

WAC 230-30-045 Carry-Over Jackpot Pull-Tab Series – Definitions – Requirements. Operators may utilize pull-tab series that are specifically designed to include carry-over jackpots. The following definitions and requirements shall apply to these series:

Definitions.

- (1) The following definitions apply to pull-tab series with carry-over jackpots:
 - (a) "Carry-over jackpot" means a prize pool that is composed of accumulated contribution amounts from pull-tab series which, if not won, are carried over to other pull-tab series;
 - (b) "Contribution amount" means the amount from each series which is added to the carry-over jackpot; and
 - (c) "Guaranteed prizes" means all prizes available to be won, excluding the contribution amount or carry-over jackpot;

Prize payout requirements.

- (2) The following requirements apply to prizes and prize payout calculations for carry-over jackpots :
 - (a) Guaranteed prizes must be 60% or more of gross receipts available from the pull-tab series;
 - (b) The contribution amount for each series may not be more than five hundred dollars;
 - (c) The contribution amount and the method of play shall be determined by the manufacturer and disclosed on the flare;

Maximum jackpot amount.

- (d) At no time shall an accumulated carry-over jackpot exceed two thousand dollars. If the carry-over jackpot is awarded, the sum of the advance-level prize and the carry-over jackpot prize shall not exceed two thousand dollars.

Jackpot must be carried over until won.

- (e) Accumulated carry-over jackpots shall be carried over to subsequent series until won;

Jackpot must be paid out.

- (f) The carry-over jackpot must be awarded. Failure to have sufficient funds available, or any attempt by an operator to utilize carry-over jackpots for personal or organizational purposes, shall be *prima facie* evidence of defrauding the players in violation of RCW 9.46.190;

Maximum prize amounts for series when jackpots are not awarded.

- (g) If the jackpot is not awarded and is carried over to a new series, the sum of the advance-level prize and

the consolation prize shall not exceed five hundred dollars;

Distribution of jackpots when a licensee ceases to operate.

(3) If a licensee ceases to operate gambling activities due to a sale, closure, or failure to maintain a valid gambling license, the carry-over jackpot shall be:

(a) Transferred to the new licensee, which has a valid gambling license. The new licensee shall operate the carry-over jackpot game until the prize is awarded;

(b) Awarded to a player by playing out the game prior to closure;

(c) Distributed to the Washington state council on problem gambling; or

(d) Distributed to a charitable or nonprofit organization licensed by the Washington state gambling commission;

Bonus pull-tab series.

(4) The following additional requirements apply to bonus pull-tab series with carry-over jackpots:

(a) The odds of winning the carry-over jackpot shall not exceed one winner out of ten chances, or the probability of winning the carry-over jackpot shall be .10 or higher, at the jackpot level;

(b) There may only be one advance level on the flare;

(c) There shall be at least one guaranteed chance to win the carry-over jackpot;

(d) All chances that are included on the flare shall be covered in a manner that prevents determination of the concealed numbers or symbols prior to being opened by the player. If perforated windows are used, the numbers or symbols must be covered by latex, foil, or other approved means; and

(e) Standards for bonus pull-tab flares, as set forth in WAC 230-30-106, shall apply;

Maximum number of tickets.

(5) The maximum ticket count for pull-tab series with carry-over jackpots shall be six thousand tickets;

Secondary win codes.

(6) The secondary win codes on pull-tab series with carry-over jackpots must not repeat within a three-year period;

Replacing series.

(7) Once it has been determined that no chances to win the carry-over jackpot remain in a series and the jackpot has not been won, the series shall be removed from play and replaced with a new series within seven operating days;

Transferring a jackpot to another game.

(8) If a carry-over jackpot is not won prior to removing a series from play, it shall be carried over to a new series within one operating day from when the series was removed from play. The accrued contribution amounts from all previous series shall be added to the contribution amount from the new series, up to two thousand dollars;

Recording names of winners.

(9) For carry-over jackpots in the amount of six hundred dollars and over, the winner's full name, address, and Social Security number shall be recorded on a separate form for income tax purposes;

Retention requirements.

(10) Each pull-tab series contributing to a specific carry-over jackpot must be retained as one series. The retention period for these series shall be as required by WAC 230-30-072(3): Provided, That the retention period shall start on the last day of the month in which the carry-over jackpot was awarded rather than when the series was removed from play; and

Documenting the flow of jackpots.

(11) Operators are required to maintain a separate record documenting the flow of carry-over jackpots from one game to another in a format prescribed by the commission;

Recordkeeping on cash basis only - exception.

(12) For the purposes of monthly records set forth in WAC 230-08-010, all operators shall record carry-over jackpots on a cash basis. This means that carry-over jackpot contribution amounts shall not be recorded on monthly records until the prize is awarded: Provided, That punch board/pull-tab licensees who also hold a Class F or above bingo license may accrue carry-over jackpot contribution amounts on their monthly records if the following conditions are met:

(a) Prior approval is received from the director;

(b) The contribution amounts, up to the point where the jackpot reaches the maximum, shall be recorded as prizes paid on the monthly records;

(c) When the jackpot is awarded, only amounts not previously accrued, if any, shall be recorded as a prize paid;

(d) No more than five carry-over jackpot series shall be in play at once; and

(e) If the contribution amount is not deposited with the net receipts (required by WAC 230-12-020), a proper audit trail and adequate security over the funds must be maintained; and

Director approval required.

(13) The director shall approve the following aspects of all pull-tab games with carry-over jackpots prior to sale in Washington state:

(a) The design, payout, method of play, and flare for each pull-tab series;

(b) The manufacturing process for the pull-tab series and flares; and

(c) The secondary win code system for the pull-tab series.

Administrative Order #410 Effective 7/1/02

WAC 230-30-072 Inventory Control for Punch Boards and Pull-Tabs – Retention Requirements – Audit Adjustments. Each punch board and pull-tab series purchased or otherwise obtained by an operator shall be controlled and accounted for. Each operator shall closely monitor punch board and pull-tab series purchased to assure that Washington state identification and inspection service stamp numbers are correctly entered in all records and each device purchased is properly recorded. The following control procedures apply:

Delivery of new games.

(1) The delivery/receipt of punch boards and pull-tab series shall be recorded as follows:

Invoice record.

(a) All purchases of punch boards or pull-tab series shall be recorded on a standard distributor's invoice, which will be used by the operator as a record to account for the punch board or pull-tab series between the time it is purchased and removed from play. Each invoice shall include space for the operator to attach the records entry label from the device and the date the device was placed out for play: Provided, That in lieu of the distributor's invoice recording system, licensees utilizing a computerized recordkeeping system may use a separate inventory record to account for purchases and uses of punch boards and pull-tabs as long as all necessary information is recorded. For these records, a computer generated facsimile of the stamp number may be imprinted on the inventory record in lieu of a records entry label.

Operator to review data and check ID stamps.

(b) At the time a punch board or pull-tab series is delivered, each operator will assure that all required data is correctly recorded by the distributor by comparing the actual Washington state identification and inspection services stamp number attached to each punch board and pull-tab series to the number recorded on the purchase invoice;

Invoice/inventory record – placing new games into play.

(2) At the time a punch board or pull-tab series is placed into play, each operator shall record in the allotted space on the distributor's invoice or the inventory record the following:

(a) Date placed into play; and

(b) Washington state identification and inspection services stamp number by attaching a records entry label.

Retention requirements.

(3) Each punch board or pull-tab series which is removed from play, together with the prize flare, all unplayed tabs, and all winning punches or tabs, shall be retained by the operator and made available for inspection, on the licensed premises, by commission agents and/or local law enforcement and taxing

agencies. If devices are stored off premises, they must be produced for inspection upon demand. The minimum retention time for devices removed from play shall be:

Charitable.

(a) **Charitable or nonprofit licensees** - at least four months following the last day of the month in which the device was removed from play;

Commercial.

(b) **Commercial stimulant licensees** - at least two months following the last day of the month in which the device was removed from play: Provided, That the flare and all winning punches or pull-tabs in excess of twenty dollars shall be retained for at least ninety days following the day the device was removed from play: Provided further, That any commercial stimulant licensee who fails to comply with all recordkeeping requirements of this title or who misstates gross gambling receipts by more than one percent during any calendar quarter shall be required, after written notification by the director, to retain all devices for at least four months following the last day of the month in which it was removed from play. Any licensee so restricted may petition the director to remove the increased retention requirement imposed after a minimum of one year. Any such petition shall include documentation of the steps taken to correct recordkeeping deficiencies. For purposes of computing gross gambling receipts for determining compliance with the recording accuracy requirement, the procedures in subsection (6) of this section apply; and

Specially authorized games.

(c) **Specially authorized pull-tab series** may have retention requirements in addition to those set forth in subsections (a) and (b) of this section.

Storage requirements.

(4) Each punch board or pull-tab series which is not placed out for play must be retained on the licensed premises and made available for inspection by the commission and/or local law enforcement and taxing agencies: Provided, That devices may be stored off premises if they are produced for inspection upon demand;

Returning a game to the distributor or manufacturer.

(5) Each punch board or pull-tab series which has been placed out for play and is subsequently returned to a distributor or manufacturer is exempt from the retention requirements in subsection (3) of this section. The operator must retain a copy of the quality control report for the retention period normally applicable and must record each game on its monthly record required by WAC 230-08-010. If a device is returned to a distributor for any reason, including commission required recall, the operator shall record the date, invoice or credit memo number, and "returned" on the original purchase invoice or inventory record on the corresponding entry for the device;

Adjusting gross gambling receipts.

(6) For purposes of compliance with the requirements of this section and license class compliance, gross gambling receipts from the operation of punch boards and pull-tabs shall be adjusted for commission staff audit findings by using the following procedures:

(a) **Unrecorded devices** - gross gambling receipts shall be increased to account for any unrecorded devices purchased by an operator by adding the maximum amount that could be generated from the device, as determined by multiplying the total number of chances available by the price of a single chance. The adjustment shall be made to the records for the month in which the device was purchased; and

(b) **Recording errors** - gross gambling receipts shall be increased or decreased by an adjustment factor that is based upon the results of an audit of a sample of at least five devices randomly selected by the commission staff. The adjustment factor shall be determined by dividing the audited amount for the sample group of devices by the recorded amount for the same devices. The resulting product of this equation shall be applied to the total recorded gross gambling receipts for the calendar quarter from which the sample was taken and to the immediately preceding three quarters.

Administrative Order #411 Effective 7/1/02

WAC 230-30-106 Punch board and pull-tab flares restrictions – Standards – Substitute flares. The following restrictions, standards, and procedures apply to the use of flares and substitute flares:

Only manufacturers to produce flares – exception.

(1) Except as set forth in subsection (6) of this section, the flare advertising prizes available from the operation of any punch board, or any series of pull-tabs, shall be made by the manufacturer only and shall not be altered by any operator or distributor;

One flare per game.

(2) No person shall place or have out in public view more than one flare advertising the prizes available from the operation of any punch board, or from any series of pull-tabs;

Displaying flares.

(3) Flares shall be placed as follows:

(a) Only upon the upper face, or on the top of any punch board; or

(b) In plain view and in the vicinity of any pull-tab dispensing device or container. If the flare is not attached to the dispensing device or container, a numerical or alphabetical reference shall be included directly on the flare and dispensing device or container clearly indicating which flare corresponds to which series.

Standards for flares.

(4) Flares shall meet the following standards:

(a) Flares must clearly set out each of the prizes available and the numbers or symbols which win each prize. For progressive jackpot series, the progressive jackpot meter board shall be considered a supplement to the flare. Reference to such shall be made on the flare;

(b) Flares must set out the winning numbers or symbols for prizes of over twenty dollars in cash, or merchandise worth more than twenty dollars at retail, in such a manner that each may be easily and clearly deleted or marked off as each prize is won and awarded. For the purposes of this subsection the retail value of a merchandise prize shall be the amount actually paid by the licensed operator plus fifty percent of that actual cost;

(c) The cost to the player for each punch or pull-tab shall be clearly posted on the flare;

(d) The manufacturer shall clearly set out on the flare the series number assigned to that punch board or pull-tab series by the manufacturer. For pull-tab series, this number shall be clearly displayed on the face of the flare. This series number shall not be altered by the distributor or operator;

(e) The flare shall contain the Washington state identification and inspection services stamp number assigned to the board or series, as required by WAC 230-08-017;

(f) For pull-tab series, the total number of pull-tabs originally in the series shall be clearly disclosed on the face of the flare. The following flares shall prominently display the ticket count in one-half inch size lettering on the flare;

(i) Any newly designed flare;

(ii) Any previously designed flare for pull-tab series with a ticket count over six thousand, which has not yet been packaged;

(g) Flares must contain the manufacturer of the board or series. A stamp, seal, or label which identifies the manufacturer may be substituted if the commission has been informed of such prior to its use.

Bonus pull-tab flares.

(5) Additional standards for bonus pull-tab flares:

(a) The manufacturer shall develop and use at least twenty-five different versions of flares (face sheets) for each form number of a bonus series. Flares which contain prizes that are determined after the player receives the corresponding winning chance shall be constructed so that it is impossible to determine the prizes prior to removing the prize covering, in any manner or by any device. Face sheets shall be utilized in such a manner so as to ensure random distribution during the manufacturing and packing process;

(b) The middle or advance level shall be labeled with the term "ADVANCE SECTION" with a minimum one-quarter inch size lettering;

(c) The top tier level shall be labeled with the term "BONUS SECTION" with a minimum one-quarter inch size lettering;

(d) The number of winners which could be awarded in the top tier level shall be clearly noted on the flare with

a minimum three-eighths inch size lettering. In addition, the number of winners and the number of advances in each advance level shall be clearly displayed;

(e) All prizes for each advance and bonus level shall be clearly displayed so that only the winners within the possible combinations are shown. Where applicable, the word "OR" shall be used to illustrate the possible combinations in which the bonus prizes can be won. Duplicate references to prizes shall not be shown on the flare.

Substitute flares.

(6) A substitute flare may be utilized on punch boards or pull-tabs, unless otherwise restricted by commission rules, provided all the requirements of this subsection are met:

(a) Distributors may apply manufacturer-produced substitute flares to punch boards and pull-tab series;

(b) Licensed operators or distributors may make and use substitute flares on punch boards and pull-tab series which offer merchandise or combination merchandise-cash prizes.

(c) The responsibility for ensuring the substitute flare meets the requirements set forth in this section shall rest with the manufacturer, distributor, or operator who changes the original flare and attaches the substitute flare.

(d) All substitute flares must comply with the requirements of subsections (4) and (5) of this section;

(e) All substitute flares shall have the Washington state identification and inspection services stamp number and series number assigned to the punch board or pull-tab series permanently recorded in ink on the face of the substitute flare;

(f) The original manufacturer's flare shall be permanently defaced so it is unusable and the substitute flare shall be attached to the original manufacturer's flare so that the original Washington state identification and inspection services stamp and series number can be accessed for inspection;

(g) For flares converted from cash prizes to combination merchandise-cash prizes, at least fifty percent of the total value of prizes offered shall be merchandise; and

(h) Substitute flares which offer merchandise, or combination merchandise-cash, must utilize numbers, not symbols, to denote winners. The substitute flare shall be constructed as follows:

(i) Winning numbers shall be selected from the flare made by the manufacturer, or from the manufacturer's designated winning numbers on the punch board;

(ii) The highest valued prize(s) shall be assigned to the lowest available winning number(s); and

(iii) The second highest valued prize(s) shall be assigned to the next lowest available winning number(s) and shall be repeated until all prizes are consecutively assigned winning numbers, based on their value: Provided, That if the substitute flare is made by a licensed distributor, the winning numbers may be selected sequentially from the original flare made by the manufacturer.

Happy hour pull-tab games.

(7) In addition to prizes established by manufacturers, pull-tab licensees may increase prizes or add additional prizes to punch boards or pull-tab series under the following conditions:

(a) Such prizes shall be cash or merchandise;

(b) The manufacturer's flare shall not be changed;

(c) Full details of the prizes, including requirements to qualify, shall be disclosed to players by means of an additional sign or notice that is permanently attached to the manufacturer's flare;

(d) The increase or additional prizes must be added to every prize that is within a tier or section of the flare;

(e) Documentation regarding all additional prizes shall be stapled or otherwise permanently attached to the winning punch or pull-tab for which such a prize is awarded. Minimum documentation shall include a description of the prize awarded and the name of the winner; and

(f) Bona fide charitable or nonprofit organizations shall limit games authorized in subsection (7) of this section to only one game in play at any point in time.

Administrative Orders for Chapter 230-40 WAC

Administrative Order #424 Effective 1/1/04

WAC 230-40-010 Social card games – Rules of play – Types of card games authorized. Social card games shall be played using rules and procedures as set forth in this section. Only card games that have been specifically authorized are allowed to be played in public or social card rooms.

Rules of play for **WAC 230-40-010 Social card games – Rules of play – Types of card games authorized.** Social card games shall be played using rules and procedures as set forth in this section. Only card games that have been specifically authorized are allowed to be played in public or social card rooms.

Rules of play for all card games.

(1) Social card games shall be played in the following manner:

(a) The game must be played with one or more standard decks of playing cards or with approved electronic card facsimiles which meet the requirements of WAC 230-40-070 (1)(c): Provided, That cards may be removed to comply with rules of a specific game, such as pinochle;

(b) Players shall compete against all other players on an equal basis for nonhouse-banked games or against the licensee for house-banked games;

(c) Each player shall receive their own hand of cards and be responsible for decisions regarding such hand, such as whether to fold, discard, draw additional cards, or raise the wager;

(d) Players shall not place wagers on any other player's or the house's hand and no side bets between players are allowed: Provided, That the following shall not be in violation of this section:

(i) An insurance bet placed in the game of blackjack;

(ii) A tip wager made on behalf of a dealer; or

(iii) "Envy" provisions which allow a player to receive a prize if another player wins a jackpot or odds wager;

(e) A player's win or loss shall be determined during the course of play of a single card game; and

(f) No more than two separate games shall be played with a single hand of cards. For purposes of this section, bonus features and progressive jackpots are considered a game: Provided, That bonus features that allow a player to receive an additional prize if another player achieves a specific hand, such as "envy" or "share the wealth" features, shall not be considered a separate game if the player does not have to place a separate wager to participate.

Nonhouse-banked card games authorized.

(2) Nonhouse-banked card games shall only be played in the manner set forth in *The New Complete Hoyle, Revised, Hoyle's Modern Encyclopedia of Card Games*, or a similar authoritative book on card games approved by the director: Provided, That each licensee may make immaterial modifications to each authorized

game set out in Hoyle. The following nonhouse-banked card games are authorized:

- (a) Poker;
- (b) Hearts;
- (c) Pinochle;
- (d) Cribbage;
- (e) Rummy;
- (f) Panguingue (Pan);
- (g) Pitch;
- (h) Bid Whist;
- (i) Other games or modifications to approved games may be approved by the director, or the director's designee, on a case-by-case basis. Requests for approval of a game must be submitted in writing, and include the rules of play and all wagering schemes.

House-banked card games authorized.

(3) House-banked card games shall be approved by the director, or the director's designee, on a case-by-case basis. Request for approval of a house-banked card game must be submitted in writing, including the rules of play and all wagering schemes. A list of all approved games, modifications to games, and rules of play shall be available at all commission offices. The director may approve games in which the determination of whether a player wins or loses depends upon one or more of the following:

- (a) The player's hand is a specific:
 - (i) Pattern or ranking of cards (pair, straight, flush, royal flush, etc.);
 - (ii) Combination of cards (two queens of hearts, ace and jack of spades, three sevens, etc.); or
 - (iii) Value of the cards (seventeen, twenty-one, etc.); and/or
- (b) The player has a higher ranking or value hand than the house/dealer/banker.

Removing an approved game from play.

(4) Once a game is approved for play, the director shall not remove it from the authorized list of games without providing licensees written notice. Licensees shall be afforded an opportunity to object to the director's decision. If an objection is filed, an administrative law judge shall review the director's decision utilizing the brief adjudicative procedures set forth in WAC 230-50-010.

Procedures for when a proposed game is denied.

(5) The licensee shall be notified in writing when the director denies a request for a new game or modification of a game. The notification shall include reasons for the denial and provide the petitioner all information necessary for a formal petition to the commission for rule making, amendments, or repeal, as set forth in WAC 230-50-800.

All card games.

(1) Social card games shall be played in the following manner:

- (a) The game must be played with one or more standard decks of playing cards or with approved

electronic card facsimiles which meet the requirements of WAC 230-40-070 (1)(c): Provided, That cards may be removed to comply with rules of a specific game, such as pinochle;

(b) Players shall compete against all other players on an equal basis for nonhouse-banked games or against the licensee for house-banked games;

(c) Each player shall receive their own hand of cards and be responsible for decisions regarding such hand, such as whether to fold, discard, draw additional cards, or raise the wager;

(d) Players shall not place wagers on any other player's or the house's hand and no side bets between players are allowed: Provided, That the following shall not be in violation of this section:

(i) An insurance bet placed in the game of blackjack;

(ii) A tip wager made on behalf of a dealer; or

(iii) "Envy" provisions which allow a player to receive a prize if another player wins a jackpot or odds wager;

(e) A player's win or loss shall be determined during the course of play of a single card game; and

(f) No more than two separate games shall be played with a single hand of cards. For purposes of this section, bonus features and progressive jackpots are considered a game: Provided, That bonus features that allow a player to receive an additional prize if another player achieves a specific hand, such as "envy" or "share the wealth" features, shall not be considered a separate game if the player does not have to place a separate wager to participate.

Nonhouse-banked card games authorized.

(2) Nonhouse-banked card games shall only be played in the manner set forth in *The New Complete Hoyle, Revised, Hoyle's Modern Encyclopedia of Card Games*, or a similar authoritative book on card games approved by the director: Provided, That each licensee may make immaterial modifications to each authorized game set out in Hoyle. The following nonhouse-banked card games are authorized:

(a) Poker;

(b) Hearts;

(c) Pinochle;

(d) Cribbage;

(e) Rummy;

(f) Panguingue (Pan);

(g) Pitch;

(h) Bid Whist;

(i) Other games or modifications to approved games may be approved by the director, or the director's designee, on a case-by-case basis. Requests for approval of a game must be submitted in writing, and include the rules of play and all wagering schemes.

House-banked card games authorized.

(3) House-banked card games shall be approved by the director, or the director's designee, on a case-by-case basis. Request for approval of a house-banked card game must be submitted in writing, including the rules of play and all wagering schemes. A list of all approved games, modifications to games, and rules of

play shall be available at all commission offices. The director may approve games in which the determination of whether a player wins or loses depends upon one or more of the following:

(a) The player's hand is a specific:

(i) Pattern or ranking of cards (pair, straight, flush, royal flush, etc.);

(ii) Combination of cards (two queens of hearts, ace and jack of spades, three sevens, etc.); or

(iii) Value of the cards (seventeen, twenty-one, etc.); and/or

(b) The player has a higher ranking or value hand than the house/dealer/banker.

Removing an approved game from play.

(4) Once a game is approved for play, the director shall not remove it from the authorized list of games without providing licensees written notice. Licensees shall be afforded an opportunity to object to the director's decision. If an objection is filed, an administrative law judge shall review the director's decision utilizing the brief adjudicative procedures set forth in WAC 230-50-010.

Procedures for when a proposed game is denied.

(5) The licensee shall be notified in writing when the director denies a request for a new game or modification of a game. The notification shall include reasons for the denial and provide the petitioner all information necessary for a formal petition to the commission for rule making, amendments, or repeal, as set forth in WAC 230-50-800.

Administrative Order #424 Effective 1/1/04

WAC 230-40-040 Fees for house-banked card games – Prohibited – Exception. No person shall be charged a fee, directly or indirectly, to participate in house-banked card games: Provided, That a licensee may collect a commission of not more than five percent from a winning hand.

Administrative Order #423 Effective 1/1/04

WAC 230-40-055 Card tournaments for fee and prizes – Reporting requirements. A card tournament wherein a fee is charged to the participants and prizes are awarded to the winning players shall be licensed by the commission.

License not required.

(1) Card room licensees with a Class A, B, E, F or house-banked license may conduct a card tournament for a fee without obtaining a card tournament license: Provided, That licensees are limited to only those card games authorized under their license class.

Class D licensees.

(2) Card room licensees with a Class D license must first obtain a card tournament license before they

can conduct a card tournament in which the players are charged a fee to enter.

Notification.

(3) The licensee shall notify the commission ten days in advance of any card tournament where the single or multiple buy-in exceeds fifty dollars.

Length of tournament.

(4) A card tournament shall not exceed thirty consecutive calendar days.

Entry fees.

(5) The fee for a player to enter a card tournament for prizes shall not exceed one hundred dollars. The fee shall include all separate fees which might be paid by a player for various phases, events of the tournament, food and drink offerings, and promotional material.

Posting entry fee requirements.

(6) The fee to enter a tournament and a description of all goods and services to be provided as a part of the tournament must be fully disclosed to each entrant prior to their paying such fee. Such disclosure must be posted conspicuously on the premises at the time payment is received and remain posted until the tournament is complete.

Customer appreciation.

(7) Operators may offer customer appreciation tournaments. The licensee shall conspicuously post entry and buy-in requirements.

(a) Entrants in such tournaments must initially be provided with the same number of chips or points and the same opportunity for rebuys.

(b) All prizes awarded for customer appreciation tournaments may be deducted as prizes for determining adjusted net gambling receipts.

Fees are gross gambling receipts - exception for food and gifts.

(8) All fees paid to enter a tournament shall be reported as gross gambling receipts: Provided, That if an operator prepares and provides food and drink items to all tournament entrants on the licensed premises as a part of their entry fee, the fair market value of the food and drink provided, not to exceed twenty-five dollars or fifty percent of the entry fee, which ever is greater, shall be treated as sales of food and drink for on premises consumption and not included as gross gambling receipts. Such sales, must be properly supported by records: Provided further, That if an operator provides items promoting the tournament or licensed business, such as hats, t-shirts, etc., to all participants as a part of their entry fee, the actual cost of such items, supported by invoices and other such records, shall be deducted as prizes in determining adjusted net gambling receipts.

Buy-in.

(9) In addition to the entry fee, a minimum buy-in of chips may be required. The total buy-in per player shall not exceed four hundred dollars per tournament and may be either a single or multiple buy-in during the course of the tournament. A record of the buy-ins for

each participant will be maintained by the licensee in a format provided by the commission. All buy-ins of chips are not gross gambling receipts and shall be returned to the participants in the form of prizes. Prizes from buy-ins are not deductible for commercial stimulant purposes.

Administrative Order #430 Effective 7/1/04
Effective thru 12/31/04 – See AO # 434 (follows)

WAC 230-40-070 Licensee to furnish all cards, chips and other services. Each public card room and Class A social card room licensee shall furnish all chips and cards in connection with all card games conducted on its premises at no additional charge to the players, except as provided in WAC 230-40-050(6).

Standards for chips and cards.

All chips and cards shall be of generally conventional size and design, and include safeguards that maximize the integrity of the card games. The following standards and procedures apply to this section:

(1) The licensee shall furnish chips and cards that meet the following requirements:

(a) **Chips.** Chips must include the house name or logo, clearly denote the chip value, be produced by a licensed manufacturer, and purchased from a licensed manufacturer or distributor: Provided, That the director may exempt Class A, B, C, and E licensees with five tables or less from this provision if chips are readily identifiable as having been furnished by that particular licensee and values of chips are clearly posted in the card room: Provided further, That Class D licensees are exempt from the provisions set forth in this subsection; and

(b) **Cards.** The deck or decks of cards must include the house name or logo, be produced by a licensed manufacturer, and be purchased from a licensed manufacturer or distributor: Provided, That Class A, B, C, D, and E licensees with five tables or less are exempt from this provision. These licensees shall comply with all other requirements related to the type of games being played.

(c) **Electronic facsimiles of cards.** Electronic card facsimiles may be approved by the director for use in card rooms for all authorized card games subject to the following conditions:

(i) The system shall:

(A) Produce accurate facsimiles of one or more standard decks of playing cards;

(B) Randomly shuffle the cards prior to each round of play or shoe loading;

(C) Contain a backup system for recording and display of at least five previous rounds of play;

(D) Contain security protocols which prevent unauthorized access;

(E) Provide a means of testing of computer software;

(F) Meet any additional technical standards required by the commission;

(G) Be operated only under card room internal controls specific to each system; and

(H) Be tested by a licensed game testing laboratory for compliance with these requirements.

(ii) The system shall be operated by card room personnel and shall not be designed to allow the player to play against the device.

(iii) The costs of initial laboratory testing and any additional testing required by the commission shall be paid for by the manufacturer.

(iv) The closed circuit television system requirements set forth in WAC 230-40-825 must be followed for all card games.

Bank services.

(2) The licensee shall sell its chips to all players desiring to buy them and redeem all chips at the value for which they were sold. The licensee shall collect the money taken in on chips sold and fees collected and shall keep these funds separate and apart from all other money received by the licensee.

Selling chips for cash or check.

(3) Chips shall be sold for cash only and a licensee shall not extend credit of any nature to a person purchasing chips: Provided, That a licensee may accept a check in accordance with WAC 230-12-053 and 230-40-845. Each receipt by a person of a quantity of chips from the licensee shall be a separate transaction for the purpose of this rule. Checks received for chips retained by the licensee after close of business shall be deposited by the licensee not later than the second day following receipt upon which the licensee's bank is open for business.

Protecting the integrity of cards and chips.

(4) The licensee shall safeguard all chips and cards to assure integrity of games and banking services. Licensees shall not allow:

(a) Playing cards that have been shaved, sanded, cut, carved, or otherwise marked in any manner which may make certain cards identifiable to players other than as allowed by the rules of the particular game.

(b) Any cards or chips which are not furnished by the licensee to be used in any card game conducted upon its premises; or

(c) Any other person to buy or sell chips for use in card games upon its premises.

Administrative Order #434 Effective 1/1/05

Replaces Administrative Order #430 (precedes)

WAC 230-40-070 Licensee to furnish all cards, chips and other services. Each public card room and Class A social card room licensee shall furnish all chips and cards in connection with all card games conducted on its premises at no additional charge to the players, except as provided in WAC 230-40-050(6).

Standards for chips and cards.

All chips and cards shall be of generally conventional size and design, and include safeguards that maximize the integrity of the card games. The following standards and procedures apply to this section:

(1) The licensee shall furnish chips and cards that meet the following requirements:

(a) **Chips.** Chips must include the house name or logo, clearly denote the chip value, be produced by a licensed manufacturer, and purchased from a licensed manufacturer or distributor: Provided, That the director may exempt Class A, B, C, and E licensees with five tables or less from this provision if chips are readily identifiable as having been furnished by that particular licensee and values of chips are clearly posted in the card room: Provided further, That Class D licensees are exempt from the provisions set forth in this subsection; and

(b) **Cards.** For all house-banked card games, the deck or decks of cards must meet the following requirements:

(i) Include the house name or logo;

(ii) Be produced by a licensed manufacturer; and

(iii) Be purchased from a licensed manufacturer or distributor.

(c) **Electronic facsimiles of cards.** Electronic card facsimiles may be approved by the director for use in house-banked card games subject to the following conditions:

(i) The system shall:

(A) Produce accurate facsimiles of one or more standard decks of playing cards;

(B) Randomly shuffle the cards prior to each round of play or shoe loading;

(C) Contain a backup system for recording and display of at least five previous rounds of play;

(D) Contain security protocols which prevent unauthorized access;

(E) Provide a means of testing of computer software;

(F) Meet any additional technical standards required by the commission;

(G) Be operated only under card room internal controls specific to each system; and

(H) Be tested by a licensed game testing laboratory for compliance with these requirements.

(ii) The system shall be operated by card room personnel and shall not be designed to allow the player to play against the device.

(iii) The costs of initial laboratory testing and any additional testing required by the commission shall be paid for by the manufacturer.

Bank services.

(2) The licensee shall sell its chips to all players desiring to buy them and redeem all chips at the value for which they were sold. The licensee shall collect the money taken in on chips sold and fees collected and shall keep these funds separate and apart from all other money received by the licensee.

Selling chips for cash or check.

(3) Chips shall be sold for cash only and a licensee shall not extend credit of any nature to a person purchasing chips: Provided, That a licensee may accept a check in accordance with WAC 230-12-053 and 230-40-845. Each receipt by a person of a quantity of chips from the licensee shall be a separate transaction for the purpose of this rule. Checks received for chips retained by the licensee after close of business shall be deposited by the licensee not later than the second day following receipt upon which the licensee's bank is open for business.

Protecting the integrity of cards and chips.

(4) The licensee shall safeguard all chips and cards to assure integrity of games and banking services. Licensees shall not allow:

(a) Playing cards that have been shaved, sanded, cut, carved, or otherwise marked in any manner which may make certain cards identifiable to players other than as allowed by the rules of the particular game.

(b) Any cards or chips which are not furnished by the licensee to be used in any card game conducted upon its premises; or

(c) Any other person to buy or sell chips for use in card games upon its premises.

Administrative Order #427 Effective 7/1/04

WAC 230-40-120 Limits on wagers in card games. Social and public card room licensees shall not allow wagering limits set by the commission to be exceeded in any card game. The number and value of wagers in card games are limited as follows:

Nonhouse-banked card games.

(1) Poker:

(a) There shall be no more than five betting rounds in any one game;

(b) The maximum number of wagers in any betting round shall be four, comprised of an initial wager plus three raises; and

(c) The maximum amount of a single wager shall not exceed twenty-five dollars;

(2) Games based on achieving a specific number of points - each point shall not exceed five cents in value;

(3) An ante, except for panguingue (pan), shall not be more than the maximum wager allowed for the first betting round for any game. The ante may, by house rule, be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round. An ante, by house rule, may be used as part of a player's wager;

(4) Panguingue (pan) – the maximum value of a chip for a payoff shall not exceed ten dollars. An ante will not exceed one chip. Doubling of conditions is prohibited. Players going out may collect not more than two chips from each participating player;

House-banked card games.

(5) Licensees authorized to conduct house-banked card games shall not allow a single wager to exceed one hundred dollars, except that such licensees may allow a single wager of up to two hundred dollars on a limited number of tables as follows:

(a) Licensees authorized to operate five tables or fewer may operate one table at the two hundred dollar limit;

(b) Licensees authorized to operate from six to ten tables may operate two tables at the two hundred dollar limit; and

(c) Licensees authorized to operate more than ten tables may operate three tables at the two hundred dollar limit;

(6) A single wager may be made for each decision made by the player before additional cards are dealt or revealed. In addition, for blackjack, an additional wager may be placed for doubling down or splitting pairs; and

(7) Bonus wagers for house-banked progressive jackpots shall not exceed one dollar. Bonus wagers with a predetermined prize amount based upon a separate element of chance within the same game shall not exceed the authorized maximum table limits as described in subsection (5) of this section.

Administrative Order #424 Effective 1/1/04

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-40-125 Washington Blackjack – Rules of Play – Wagering Limits

Administrative Order #418 Effective 7/1/03

WAC 230-40-550 Incompatible functions defined. Incompatible functions for accounting and internal control purposes are functions, duties, or responsibilities that place any person or department in a position to both perpetrate and conceal errors or irregularities in the normal course of his or her duties. Anyone both recording transactions and having access to the relevant assets is in a position to perpetrate errors or irregularities. For example, an employee that writes checks should not reconcile the bank account; or an employee that transports funds should not have access to keys for locks securing such funds or to surveillance recordings of the transaction.

Administrative Order #414 Effective 1/1/03

WAC 230-40-610 Player-supported jackpots – Restrictions – Manner of conducting--Approval. A player-supported jackpot (PSJ) is a separate contest of chance directly related to the play and/or outcome of authorized nonhouse-banked card games but which is not the card game itself. Card rooms with a Class F or house-banked license may establish a prize fund for the

purpose of operating a PSJ for nonhouse-banked card games. Any PSJ must be approved in writing by the director or the director's designee prior to play. A PSJ must meet the following requirements:

Funding a PSJ.

(1) A licensee may provide house funds to establish a PSJ. The licensee shall issue a check from the general business account into the PSJ account to start the prize fund. Recouping of start-up funds shall be done by issuing a check from the PSJ account to the business general account. Electronic bank transfers shall satisfy this requirement. Start-up funds shall not exceed five thousand dollars per PSJ.

Using a rake to fund a PSJ.

(2) A licensee may assess a portion of players' wagers for a jackpot prize. Such amount shall not exceed one dollar per hand or game for each PSJ. This assessment shall be separately collected using the rake method.

PSJ funds are player funds - exception from administrative fee.

(3) The licensee acts only as the custodian of the PSJ funds, including any interest earned on this money, and maintains no legal right to the funds. All PSJ funds shall be awarded as prizes, based upon a format approved by commission staff. An administrative fee not to exceed ten percent of the amount collected for a PSJ may be imposed by the licensee. This administrative fee includes all expenses incurred by the licensee, including banking fees. No other expenses beyond the ten percent administrative fee shall be deducted from the PSJ account.

Prize fund custodian.

(4) Each licensee shall designate at least one "prize fund custodian" who shall be responsible for safeguarding and disbursing funds to winners. A prize fund custodian may be an owner, partner, officer, or licensed individual designated by a card room owner, partner, or officer. The custodian shall have signature authority for prize fund bank accounts and ensure accountability of all funds collected for use in a PSJ. The licensee shall meet the deposit requirements of WAC 230-40-608.

Payout of prizes.

(5) Prize amounts paid in cash shall not exceed five hundred dollars. Prize amounts not awarded in cash shall be paid within twenty-four hours, by check, the type which provides a duplicate copy, which shall not be cashed on the licensee's premises. A record of all prizes paid shall be maintained in the format prescribed by commission staff and shall include:

(a) For prizes less than one hundred dollars, a system of accounting denoting each individual prize may be utilized.

(b) For prizes one hundred dollars and above, the following information shall be recorded on a prize record:

- (i) Full printed name;
- (ii) Date of birth;

- (iii) Street address;
- (iv) Type of identification reviewed;
- (v) Amount of the prize awarded;
- (vi) Description of the winning hand;
- (vii) Time and date awarded; and
- (viii) The supervisor's and dealer's initials.

(c) Upon awarding a prize of five hundred dollars or more, the dealer shall fan the winning hand in view of the surveillance camera. The hand shall be collected and sealed with the prize record. The winning hand and remaining deck shall be maintained on the premises as part of daily card room records for a period of seven days, unless released by a commission agent.

Owners and employees competing for a PSJ.

(6) Owners, custodians and on-duty card room employees may participate in card games that offer a PSJ, but may not share in the winnings of any prize awarded. Any prize winnings an owner or on-duty employee may be entitled to under game rules, must be divided equally among the other players at the table: Provided, That off-duty employees may participate in card games that offer a PSJ and share in the prize winnings.

Owners and employees showing cards.

(7) Owners and on-duty card room employees must turn their cards face up at the end of each game so they may be observed by other players at the table and surveillance if:

- (a) Playing in a game with a PSJ;
- (b) The prize is not based upon a predetermined hand; and
- (c) There is a qualifying hand at the end of a game (such as a "bad beat" hand).

House dealer required.

(8) All card games offering a PSJ must utilize a house dealer.

Security requirements.

(9) Each gaming table offering a PSJ shall be required to install a closed circuit television system as outlined in WAC 230-40-625: Provided, That licensees operating any house-banked card games shall follow the security requirements set forth in WAC 230-40-825 for all tables in the card room, including those offering a PSJ.

Removing a PSJ from play.

(10) The following procedures shall be followed for all discontinued player-supported jackpots:

Discontinued.

(a) In the event a licensee elects to discontinue a PSJ, the balance, less any nonrecouped seed money, shall be distributed to players within sixty days of discontinuance by offering an approved promotion or card tournament of the same game under which the PSJ was originally accrued.

Closure of business.

(b) In the event a licensee ceases to operate a card room, or fails to maintain a valid card room license,

all funds associated with the PSJ shall be distributed to the Washington state council on problem gambling.

Posting rules.

(c) The licensee shall conspicuously post a sign stating how PSJ money will be distributed in the event the PSJ is discontinued or the business closes. The sign must be posted at the inception of the PSJ.

House rules.

(11) House rules, to include administrative fees shall be posted in a location readily visible by all players and disclose the conditions under which prizes may be won, the prize amount, cost to participate, and any other conditions which may affect the outcome of the game.

Dispute resolution.

(12) If a dispute arises involving the outcome of a PSJ, the licensee shall preserve the video recording, the winning hand and remaining deck, and all records for the game where the dispute occurred and shall notify commission staff within twenty-four hours. The licensee shall document all information pertaining to the dispute including:

- (a) The names, addresses, and phone numbers of all players, card room staff, and any witnesses involved;
- (b) Amount of the advertised PSJ; and
- (c) A full description of the circumstances surrounding the dispute.

(13) All disputes involving a PSJ will be investigated by commission staff, with a report submitted to the director. A written decision will be issued by the director, or the director's designee, and such decision shall be final.

(14) During the course of dispute resolution, the commission may become the temporary custodian of any and all prize funds. The PSJ will be suspended until the dispute is resolved.

Administrative Order #435 Effective 10/22/04

WAC 230-40-625 Closed circuit television system – Class F card rooms. Critical activities related to the operation of a player-supported jackpot (PSJ) and assessment of fees based on amounts wagered (rake method) shall be closely monitored by the use of a closed circuit television (CCTV) system and recorded using analog and/or digital recording equipment. If a licensee is conducting both Class F and house-banked activities, the licensee shall be required to meet the surveillance requirements set forth in WAC 230-40-825. Each Class F card room licensee shall install and maintain a CCTV system that meets the following requirements:

Camera coverage.

(1) The following areas are required to be viewed by the CCTV system:

- (a) All gaming at each table including, but not limited to, the:
 - (i) Cards;
 - (ii) Wagers;

- (iii) Chip tray;
- (iv) Drop box openings; and
- (v) Players and dealers.

(b) All activity in the count room or count area including, but not limited to, the:

- (i) Count table;
- (ii) Floor;
- (iii) Drop boxes; and
- (iv) Drop box storage shelves/cabinets.

Camera requirements.

(2) The CCTV system shall consist of light sensitive cameras that have the ability to determine card and chip values at each gaming table. Each video camera shall be capable of having its images displayed on a video monitor and recorded. Cameras shall be installed in a manner that will prevent them from being readily obstructed, tampered with, or disabled by patrons or employees. Installed cameras shall cover the areas required by this rule and shall include, at a minimum, the following:

- (a) At least one fixed camera focused over each gaming table covering the entire layout;
- (b) At least one fixed camera focused over the dealer area covering the chip rack, all drop box openings, and the community card area;
- (c) At least one fixed or pan, tilt, and zoom (PTZ) camera permanently programmed for the purposes of monitoring players and dealers at each gaming table. This camera must be capable of viewing each patron and dealer at each gaming position at least once every five minutes;
- (d) A sufficient number of fixed and/or PTZ cameras in the cage only if the count process is conducted there;
- (e) A sufficient number of fixed and/or PTZ cameras in the count area; and
- (f) Any other location as deemed necessary by commission staff.

Video recording equipment requirements.

(3) Video recording equipment shall meet the following requirements:

(a) **Analog recording**, including audio recording where required, using a video cassette recorder, shall comply with the following requirements:

- (i) Images shall be recorded at a rate of not less than twenty frames per second on standard VHS format; and
- (ii) Recorded images shall accurately reflect the time and date of the video recording. If multiple time and date generators are used, they shall be synchronized to the same time and date; or

(b) **Digital recording**, including audio recording where required, using a digital storage system, shall comply with the following requirements:

- (i) All images shall be recorded on a hard drive;
- (ii) Recording systems shall be locked so that access to the erase and reformat functions, and system data files is restricted to persons authorized in the internal controls;

- (iii) The system must provide uninterrupted recording of surveillance during playback or copying: Provided, That motion-activated recording may be used;
- (iv) Recording systems shall be capable of copying original images maintaining the original native format;
- (v) Images shall be stored at a rate of not less than twenty-five images per second;
- (vi) Images shall be recorded at a minimum resolution of 320 x 240 and displayed during playback at a minimum resolution of 640 x 480;
- (vii) Images shall be stored in a format that is readable by commission computer equipment;
- (viii) Images shall be stored in a format that can be verified and authenticated by commission staff;
- (ix) Recorded images shall include the accurate time and date the video was originally recorded;
- (x) Previously recorded material may be overwritten after seven continuous days of gaming; and
- (xi) Recording systems shall be equipped with an uninterruptible power source to allow a proper system shutdown.

Multiplexing and quad recording devices.

(4) Multiplexing and quad recording devices may not be used for required surveillance.

(a) **Multiplex recording** means combining multiple video inputs into a single signal by quickly cycling through the separate video inputs (i.e., the view rotates among different cameras) in a predetermined order, recording each video input sequentially in the cycle. Multiplex recording does not provide continuous recording of each video input and the amount of time lapse is dependant upon the number of video inputs in the sequence.

(b) **Quad recording** means four separate video inputs which are continuously recorded and combined into a single signal displayed on one monitor with a view of each video input.

Recording of illegal or suspicious activities.

(5) Illegal or suspicious activities within the monitored portion of the licensed premises shall be reported to commission staff, pursuant to WAC 230-40-815 (3)(a)(v) through (vi). Additionally, licensees shall ensure two copies of the entire recorded image sequence are made reflecting the questioned activity. One copy shall be provided to commission staff or other law enforcement representatives upon demand and the other copy maintained by the licensee for a period of thirty days.

Activities to be recorded.

- (6) Video signals from all cameras shall be recorded when:
- (a) Gaming tables are in operation;
 - (b) Drop boxes or chip trays are stored on the gaming tables;
 - (c) Drop boxes are being transported; or
 - (d) Drop box contents are being counted.

Surveillance activity log.

(7) The licensee shall maintain a record of all surveillance activities in the surveillance room. A

surveillance log shall be maintained by surveillance personnel and shall include, at a minimum, the following:

- (a) Date and time of surveillance;
- (b) Person initiating surveillance;
- (c) Time of termination of surveillance;
- (d) Summary of the results of the surveillance; and
- (e) A record of any equipment or camera malfunctions.

Employee sign-in log.

(8) A surveillance room sign-in log shall be maintained to document the time each surveillance employee monitors the card room. The surveillance sign-in log shall be available for inspection at any time by commission staff or law enforcement personnel.

Labeling and storing video and audio recordings.

(9) Video and audio recordings shall be marked to denote the activity recorded and retained for a period necessary to afford commission staff or law enforcement personnel reasonable access. The following minimum retention periods apply to recordings:

- (a) Recordings shall be retained for a minimum of seven complete gaming days.
- (b) Recordings of evidentiary value shall be maintained as requested by commission staff; and
- (c) Tapes documenting jackpot payouts of five hundred dollars or more shall be retained for at least thirty days; and
- (d) Commission staff may increase any of the retention requirements noted in this section by notifying the licensee.

Dispute resolution.

(10) In the event there is not sufficient clarity due to violations of the above requirements, the burden will be on the licensee to prove any action taken was warranted. Otherwise, all disputes shall be resolved in favor of the player: Provided, That a review by commission staff may be requested if the licensee feels circumstances warrant, for example, cheating has occurred.

Administrative Order #413 Effective 7/1/02

WAC 230-40-800 Operating rules for house-banked card games. Licensees that operate house-banked card games shall establish rules and procedures governing each specific house-banked card game played at their premises. The following restrictions and procedures apply:

- (1) House-banked card games shall not be operated prior to approval as set forth in WAC 230-40-010;
- (2) All house-banked card games shall be dealt from a dealing shoe or an approved shuffling device;
- (3) The licensee shall submit all rules governing the game to commission staff for approval. All requests shall be in writing and include at least the following:
 - (a) Rules of play, including those specified by the manufacturer or supplier;

- (b) Any administrative or accounting controls applicable to specific games;
- (c) All specifications provided by the equipment manufacturer or supplier applicable to gaming equipment utilized in the game;
- (d) Physical characteristics of the following:
 - (i) Cards (including procedures for receipt and storage);
 - (ii) Gaming chips used to play the game;
 - (iii) All gaming tables and layouts;
 - (iv) Dealing shoes;
 - (v) Card shuffling devices;
 - (vi) Card peeking devices;
 - (vii) Bill changer devices; and
 - (viii) Such other equipment as may be required for use in otherwise authorized games;
- (4) Rules for each authorized game, shall include at least the following:
 - (a) Procedures of play;
 - (b) Minimum and maximum permissible wagers;
 - (c) Shuffling, cutting, and dealing techniques, as applicable;
 - (d) Dealer take and pay procedures;
 - (e) Payout odds on each form of wager, including any factors affecting payments to the player, such as maximum player or aggregate prize restrictions; and
 - (f) Procedures to be followed on occurrence of irregularities, including examples of irregularities applicable to each game;
- (5) A summary of playing procedures and rules of play for each game shall be visibly displayed in the gaming area. If the procedures or restrictions are game specific, they shall be displayed at each gaming table at which the game is played.

Administrative Order #407 Effective 1/1/02

NEW SECTION

WAC 230-40-801 Interruption of card games – Preoperational review and evaluation required – Procedures – House-banking. A house-banked card room applicant, or a current licensee who interrupts operations for a substantial period, shall demonstrate the ability to comply with commission requirements prior to operating house-banked card games. In order to demonstrate such capability, the commission staff shall complete a preoperational review and evaluation (PORE) of the entire operation. The following requirements and preoperating procedures apply to house-banked card rooms:

Review and evaluation process.

- (1) The commission staff shall review and evaluate the information presented per WAC 230-04-207 to determine:
 - (a) The internal accounting and administrative controls are adequate to assure gambling activities are controlled and results of operations are accurately recorded;

- (b) The physical layout of the card room and supporting functions are adequate to implement the proposed accounting and administrative controls;
- (c) The applicant has adequate trained personnel and an organizational structure that will support implementation of the proposed accounting and administrative controls.

Notification of interruptions in operations.

- (2) A licensee shall notify the commission in writing if the operation of house-banked card games is interrupted for more than seven days. Such notification shall:
 - (a) Be made within three days of the interruption;
 - (b) Include the reason for ceasing operations; and
 - (c) Include the estimated date operations are planned to recommence.

Procedures for interruptions in operations.

- (3) A licensee shall comply with the following procedures prior to commencing operations:
 - (a) Provide the commission, in writing, with any changes in the information required by WAC 230-04-207;
 - (b) Request commission staff to evaluate the impact of any changes in internal controls, physical layout, or personnel structure and to complete a PORE for changes that are material;
 - (c) Correct any discrepancies noted by the staff's review; and
 - (d) Receive written approval from the director to commence operations: Provided, That the director may allow limited operations when changes require the staff to observe operations in order to evaluate the impact of changes.

Administrative Order #422 Effective 9/15/03

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-40-803 Phase II Wager Limits – Restrictions Procedures

Administrative Order #424 Effective 1/1/04

WAC 230-40-805 Progressive jackpot prizes – Procedures – Restrictions – House-banking. Licensees are authorized to operate progressive jackpot prizes in conjunction with approved house-banked card games. Entry into a progressive jackpot is based upon a separate wager by a player, part of which accrues to a progressively increasing prize. A player wins the jackpot prize, or portion thereof, based upon achieving a predetermined pattern or combination of cards. Each licensee operating such games shall ensure they are closely controlled, all the funds collected are accounted for, and prizes and methods of winning are adequately disclosed to players. The following procedures and restrictions apply to progressive jackpots:

Restrictions.

(1) House-banked progressive jackpot restrictions:

(a) The amount of funds accrued to the primary and reserve or secondary jackpots shall increase by a predetermined amount of each wager made, in accordance with the rules of the game;

(b) The amount of the progressive jackpot eligible to be awarded as a prize shall be prominently displayed at each gaming table;

(c) The beginning amount of each progressive jackpot offered must be recorded, including explanations for any increase or decrease in the amount of the prize offered. This documentation shall be maintained with the progressive jackpot records; and

(d) A licensee may establish a maximum limitation on a progressive jackpot prize. If such a limit is established:

(i) The amount must be equal to or greater than the amount of the jackpot when the limit is imposed; and

(ii) A notice of the limit must be conspicuously posted at or near the game;

Adjusting jackpot amounts and prize payouts.

(2) A licensee shall not reduce the amount of a progressive jackpot prize, that has been accrued and displayed to players except as authorized by this section. The following adjustments are allowed to accrued progressive jackpot prizes:

(a) Jackpot prizes of five thousand dollars or less shall be paid out immediately. For prizes over five thousand dollars, a minimum of five thousand dollars must be paid immediately and the remaining balance paid, by check, within twenty-four hours: Provided, That a check shall be issued for the entire prize balance within twenty-four hours, at the player's request. The jackpot and advertised amount shall be reduced only by the amount won;

(b) An adjustment may be made to correct malfunctioning equipment or to prevent the display of an amount greater than a predetermined maximum prize limit; or

(c) A reserve or secondary jackpot may be reduced as long as the funds removed are recorded as gross receipts and are properly documented in the records. A reserve or secondary jackpot may also be reduced to recover seed money that was not taken from gross receipts, provided that those funds are properly documented in the records;

Removing all or portion of a jackpot from play.

(3) House-banked progressive jackpot prizes, which are advertised or displayed in any manner are deemed to be funds for which players have a vested interest and may only be removed from play under the following conditions:

Disbursement.

(a) The director or the director's designee provides the licensee written approval of a plan to disburse all jackpot funds back to the players. The request for approval shall include full details of the distribution plan and shall be conspicuously posted at least ten days prior

to distribution. Licensees shall disburse the funds utilizing one or more of the following methods:

(i) By offering the prize on a different house-banked game;

(ii) Offering the prize through means of an approved tournament. All funds must be distributed within sixty days from the date of approval by commission staff; or

(iii) Donating the money to the Washington state council on problem gambling; and

Discontinued jackpot-player notification.

(b) The licensee must notify players of any planned discontinuance, including closure of the business, by conspicuously posting notice for a period of ten days prior to beginning the discontinuance process;

Awarding merchandise prizes with jackpot funds.

(c) Licensees may reduce the jackpot only by the dollar amount paid for the merchandise to be awarded as prizes under the following conditions:

(i) The licensee discloses to the public that a specific portion of these jackpot funds were used to purchase merchandise to be awarded as prizes, as well as the specific prize to be awarded;

(ii) The merchandise is awarded as a prize on the specific outcome of a game and is included in the game rules;

(iii) The merchandise prizes shall be owned by the licensee and paid for in full, without lien or interest of others, prior to the prize being awarded: Provided, That when the winner has an option to receive a cash prize in lieu of such merchandise, a licensee may enter into a contract to immediately purchase a merchandise prize after the winner chooses their option;

(iv) The licensee must disclose the value of the merchandise to be awarded. This value must be true and verifiable; and

(v) Detailed records, including purchase invoice, are maintained on premises and available for review by commission staff;

Temporarily removing a jackpot from play.

(4) A licensee may temporarily remove a progressive jackpot game from play subject to the following conditions:

(a) The removal and reasons must be approved in writing by commission staff; and

(b) The disruption is caused by circumstances beyond the control of the licensee, or for other good cause (for example: Remodeling the card room); and

(c) Players are notified of the disruption and the estimated date of continuance.

Administrative Order #418 Effective 7/1/03

WAC 230-40-815 Administrative and accounting control structure – Organization – House-banking. Each licensee operating a house-banked card game shall ensure that all games are closely controlled, operated fairly and in accordance with all rules of the commission. The following control procedures and conditions shall be met:

Internal controls.

(1) The licensee shall have a system of internal controls that include at least the following:

(a) Administrative controls, which include, but are not limited to, the organization's plan, procedures, and records concerned with decision processes leading to management's authorization of transactions; and

(b) Accounting controls which include the licensee's plan, procedures, and records concerned with the safeguarding of assets and the reliability of financial records. These controls must be designed to provide reasonable assurance that:

(i) Transactions are executed in accordance with management's general and specific authorization;

(ii) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles, and to maintain accountability for assets;

(iii) Access to assets is permitted only in accordance with management's authorization; and

(iv) The recorded accountability for assets is compared with existing assets at least annually and appropriate action is taken within five working days with respect to any differences.

Administrative controls.

(2) The licensee's system of administrative controls shall provide for the following:

(a) Competent personnel with an understanding of prescribed procedures;

(b) The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties; and

(c) Each employee of a house-banked card room shall be licensed by the commission and shall be knowledgeable in all accounting and internal control practices and procedures relevant to each employee's individual function.

Separate departments and functions.

(3) The licensee shall, at a minimum, establish the following departments or functions that shall be independent from all other departments or functions:

Surveillance.

(a) A surveillance department which shall not include security functions or personnel. The head of surveillance shall be responsible for, but not limited to, the following:

(i) The clandestine surveillance of the operation and conduct of the table games;

(ii) The clandestine surveillance of the operation of the cashier's cage;

(iii) The video and audio recording of activities in the count rooms;

(iv) The detection of cheating, theft, embezzlement, and other illegal activities in the gaming facility, count rooms, and cashier's cage;

(v) The video recording of unusual or suspected illegal activities;

(vi) The notification of appropriate supervisors and commission staff, within three working days, upon the detection of cheating, theft, embezzlement, or other illegal activities;

(vii) Ensuring that each dealer is evaluated to determine if all required dealer procedures and techniques set forth in the licensee's approved internal controls are followed; and

(viii) Ensuring all surveillance employees have a demonstrated knowledge of the following:

(A) Operating surveillance systems;

(B) Rules of play and procedures for the games being played; and

(C) The overall procedures relating to the duties of all employees of the house-banked card room being monitored (dealers, shift managers, floor supervisors, cage cashier's and count team members).

Security.

(b) A security department, supervised by a security department manager, is responsible for at least the following:

(i) Control of cards and dealing shoes, including storage of new and used cards and shoes, and control of the disposition and/or destruction of same when removed from service; and

(ii) Transfer of cash and chips to and from the gaming tables, cage and count room.

Gaming operations.

(c) A gaming operation department supervised by a gaming operation department manager who shall be responsible for the operation of all house-banked card games conducted by ensuring the following:

(i) Card games are operated by licensed dealers who are assigned to each gaming table;

(ii) A floor supervisor is assigned the responsibility for the overall supervision of the conduct of gaming within a pit and can supervise no more than five tables: Provided, That a single supervisor may supervise up to seven tables, if only seven tables are in operation and the layout was preapproved by commission staff;

(iii) A licensee which utilizes two separate areas of a gaming establishment shall require at least one supervisor in each area; and

(iv) A shift manager, who reports to the gaming operation department manager, is assigned to supervise floor supervisors and all gaming related activities that occur during each shift. In the absence of the gaming operation department manager, the shift manager shall have the authority of a gaming operation department manager: Provided, That in addition to the floor supervisors required in this subsection, licensees operating more than ten tables shall be required to have a shift manager on the premises.

Accounting.

(d) An accounting department supervised by an individual who shall report directly to the chief executive officer or chief operations officer. The responsibilities of the accounting department shall include, but not be limited to, the following:

- (i) Implementing and monitoring of accounting controls;
- (ii) The preparation, control, and storage of records and data required;
- (iii) The control of unused forms inventory along with reconciliation of forms used; and
- (iv) The control and supervision of the cashier's cage.

Modifications.

(4) Any changes to the licensee's system of internal controls must be submitted to commission staff and be approved prior to implementation.

Employees shall be informed of internal controls.

(5) All licensed operators shall inform their card room employees of the internal controls related to their respective area of responsibility. Furthermore, both the operator and all card room employees shall follow these internal controls at all times.

Administrative Order #424 Effective 1/1/04

WAC 230-40-821 General accounting records – House-banking. Every licensee authorized to offer house-banked card games shall keep and maintain a complete set of records, which have been approved by commission staff. Such records shall include all details of activities related to the conduct of the licensed activity. The following requirements shall apply:

Revenue and expenses.

(1) Each licensee shall maintain legible, accurate and complete records of all transactions relating to the revenues and costs of the gaming operation. These records shall be maintained in a format to ensure consistency, comparability, and effective disclosure of financial information.

General accounting records.

(2) General accounting records shall be maintained on a double entry system of accounting with transactions recorded on an accrual basis, to include detailed, supporting, subsidiary records, sufficient to meet the requirements below.

Recordkeeping.

(3) The detailed, supporting and subsidiary records shall include, but not necessarily be limited to:

- (a) Records of all patrons' checks initially accepted, deposited, and returned as "uncollected," and ultimately written off as "uncollectible";
- (b) Statistical game records to reflect drop and win amounts for each table, for each game, and for at least each period for which the drop boxes are removed, which shall be at the minimum, the end of each gaming day;
- (c) Records of investments in property, including, but not limited to, equipment used directly in connection with the gaming operation;
- (d) Records of amounts payable by the gaming operation;

(e) Records which identify the purchase, receipt, and destruction of all cards and gaming chips used in wagering; and

(f) Records of services provided for the operation of gaming activities.

Copies.

(4) Whenever duplicate or triplicate copies are required of a form, record or document:

- (a) The original, duplicate, and triplicate copies shall be color-coded;
- (b) If under these standards, forms, records, and documents are required to be inserted in a locked dispenser, the last copy shall remain in a continuous unbroken form in the dispenser; and
- (c) If under these standards, forms or serial numbers of forms are required to be accounted for or copies of forms are required to be compared for agreement and exceptions noted, such exceptions shall be reported immediately to the commission for investigation.

Storing documents.

- (5) All forms, records, documents and stored data required to be prepared, maintained and controlled shall:
 - (a) Have the title of the form, record, document, or stored data (such as "fill slip," "request for fill," "credit slip," "request for credit," "reconciliation," etc.), imprinted or preprinted thereon or therein; and
 - (b) All records shall be maintained for a period of not less than three years. At least the past six months of records must be available for inspection on premises.

Employee records.

- (6) Licensees shall maintain a records system that ensures all applicable employees have met licensing requirements. The system shall be maintained on the premises and include the following:
 - (a) Employee names;
 - (b) Gambling license numbers;
 - (c) Gambling license expiration dates; and
 - (d) Photocopies of all current employees' licenses.

Record of employees who have not yet received a license.

- (7) If an employee license has not yet been issued, the licensee shall maintain a copy of the following:
 - (a) Temporary employment authorization;
 - (b) Documentation that the required payment (license or transfer fee) has been made; and
 - (c) Proof that the employee has adhered to the ten-day waiting period, if applicable.

Notification - new license not received.

(8) The licensed card room operator shall ensure commission staff is notified if an employee license has not been received within sixty days of employment.

Administrative Order #426 Effective 4/1/04

WAC 230-40-823 Financial audits and reviews required--House-banking. Each licensee operating house-banked card games shall prepare financial statements covering all financial activities of the licensee's establishment for each business year. The following requirements shall apply:

Audited financial statements - gross receipts over three million dollars.

(1) Each licensee with house-banked card game gross receipts in excess of three million dollars for the business year shall engage an independent, certified public accountant licensed by the Washington state board of accountancy who shall audit the licensee's financial statements in accordance with generally accepted auditing standards.

Reviewed financial statements - gross receipts of one to three million dollars.

(2) Each licensee with house-banked card game gross receipts of one to three million dollars for the business year shall engage an independent, certified public accountant licensed by the Washington state board of accountancy who shall review the financial statements in accordance with the statements on standards for accounting and review services or audit the financial statements in accordance with generally accepted auditing standards.

Compiled financial statements - gross receipts of less than one million dollars.

(3) Each licensee with house-banked card game gross receipts of less than one million dollars for the business year shall engage an independent, certified public accountant licensed by the Washington state board of accountancy who shall compile the financial statements in accordance with the statements on standards for accounting and review services in accordance with generally accepted accounting principles, including all required footnotes or disclosures on an accrual basis of accounting.

Financial statement presentation.

(4) The financial statements must be presented in the following manner:

(a) Financial statements shall be submitted on a comparative basis: Provided, That the first year may be submitted for the current business year only; and

(b) Gross revenues from each licensed activity should be reported by activity and separate and apart from all other revenues.

Consolidated financial statements.

(5) Consolidated financial statements may be filed by commonly owned or operated establishments. These statements must include consolidated schedules presenting separate financial statements for each licensed card room location.

Change in business year.

(6) If a licensee changes its business year, they shall notify the director within thirty days. The licensee shall submit financial statements for the period covering the end of the previous business year to the end of the new business year.

Filing with the commission.

(7) A copy of the report and the financial statements shall be submitted to the director within one hundred twenty days following the end of the licensee's business year. The director may authorize a sixty-day extension if a licensee submits a written request explaining the need for the extension.

Effective date.

(8) This rule will be effective for business years ending on or after July 1, 2004.

Administrative Order #435 Effective 10/22/04

WAC 230-40-825 Closed circuit television system – House-banking. Critical activities related to the operation of house-banked card games shall be closely monitored by the use of a closed circuit television (CCTV) system and recorded using analog and/or digital recording equipment. Each house-banked card room licensee shall install and maintain a CCTV system that meets the following requirements.

Camera coverage.

(1) The following areas are required to be viewed by the CCTV system:

(a) All gaming at each table including, but not limited to, the following:

- (i) Cards;
- (ii) Wagers;
- (iii) Chip tray;
- (iv) Drop box openings;
- (v) Card shoe;
- (vi) Shuffling devices; and
- (vii) Players and dealers.

(b) All activity in the pits.

(c) All activity in the cashier's cage including, but not limited to, the:

- (i) Outside entrance;
- (ii) Fill/credit dispenser;
- (iii) Customer transactions;
- (iv) Cash and chip drawers;
- (v) Vault/safe;
- (vi) Storage cabinets;
- (vii) Fill or credit transactions; and
- (viii) Floor.

(d) All activity in the count room including, but not limited to, the:

- (i) Count table;
- (ii) Floor;
- (iii) Counting devices;
- (iv) Trolley;
- (v) Drop boxes;
- (vi) Storage shelves/cabinets; and

- (vii) Entrance and exits.
- (e) The movement of cash, gaming chips, and drop boxes.
- (f) Entrances and exits to the card room.

Camera requirements.

(2) The CCTV system shall consist of light sensitive cameras including those with pan, tilt, and zoom (PTZ) capabilities having the ability to determine card and chip values and the configuration of wagers at each gaming table. Each video camera shall be capable of having its images displayed on a video monitor and recorded. Cameras shall be installed in a manner that will prevent them from being readily obstructed, tampered with, or disabled by patrons or employees. PTZ cameras shall be placed behind a smoked dome, one-way mirror or similar materials that conceal the camera from view. Installed cameras shall cover the areas required by this rule and shall include at a minimum:

- (a) At least one fixed camera focused over each gaming table covering the entire layout;
- (b) A sufficient number of fixed and/or PTZ cameras permanently programmed for the purposes of monitoring players and dealers at each gaming table. The PTZ cameras must be capable of viewing each patron and dealer at each gaming position at least once every five minutes;
- (c) A sufficient number of PTZ cameras for the purpose of determining the configuration of wagers and card values at each gaming table. Any time a winning wager, including jackpot or bonus payouts in excess of five hundred dollars are won, surveillance shall utilize this camera to verify the winning hand, the amount of the wager, and the player who won the prize. Each licensee shall have documented procedures in their internal controls stipulating the manner in which this will be carried out;
- (d) A sufficient number of fixed and/or PTZ cameras in the cage(s);
- (e) A sufficient number of fixed and/or PTZ cameras in the count room; and
- (f) Any other location as deemed necessary by commission staff.

Video recording equipment requirements.

(3) Video recording equipment shall meet the following requirements:

- (a) **Analog recording**, including audio recording where required, using a video cassette recorder, shall comply with the following requirements:
 - (i) Images shall be recorded at a rate of not less than twenty frames per second on standard VHS format; and
 - (ii) Recorded images shall accurately reflect the time and date of the video recording. If multiple time and date generators are used, they shall be synchronized to the same time and date; or
- (b) **Digital recording**, including audio recording where required, using a digital storage system, shall comply with the following requirements:
 - (i) All images shall be recorded on a hard drive;

(ii) Recording systems shall be locked so that access to the erase and reformat functions, and system data files is restricted to persons authorized in the internal controls;

(iii) The system must provide uninterrupted recording of surveillance, during playback or copying: Provided, That motion-activated recording may be used;

(iv) Recording systems shall be capable of copying original images maintaining the original native format;

(v) Images shall be stored at a rate of not less than twenty-five images per second;

(vi) Images shall be recorded at a minimum resolution of 320 x 240 and displayed during playback at a minimum resolution of 640 x 480;

(vii) Images shall be stored in a format that is readable by commission computer equipment;

(viii) Images shall be stored in a format that can be verified and authenticated by commission staff;

(ix) Recorded images shall include the accurate time and date the video was originally recorded;

(x) Previously recorded material may be overwritten after seven continuous days of gaming; and

(xi) Recording systems shall be equipped with an uninterruptible power source to allow a proper system shutdown.

Multiplexing and quad recording devices.

(4) Multiplexing and quad recording devices may not be used for required surveillance except under the following circumstances:

- (a) Multiplexing or quad recording devices may be used on entrances and exits; and
- (b) Quad recording devices may be used to record the movement of drop boxes between tables and the count room.

Multiplexing and quad recording devices defined.

(c) **Multiplex recording** means combining multiple video inputs into a single signal by quickly cycling through the separate video inputs (i.e., the view rotates among different cameras) in a predetermined order, recording each video input sequentially in the cycle. Multiplex recording does not provide continuous recording of each video input and the amount of time lapse is dependant upon the number of video inputs in the sequence.

(d) **Quad recording** means four separate video inputs are continuously recorded and combined into a single signal displayed on one monitor with a view of each video input.

Recording of illegal or suspicious activities.

(5) Illegal or suspicious activities within the monitored portion of the licensed premises shall be reported to commission staff, pursuant to WAC 230-40-815 (3)(a)(v) through (vi). Additionally, licensees shall ensure two copies of the entire recorded image sequence are made reflecting the questioned activity. One copy shall be provided to commission staff or other law enforcement representatives upon demand and the other copy maintained by the licensee for a period of thirty days.

Activities to be recorded.

(6) Video signals from all cameras shall be recorded when:

- (a) Gaming tables are in operation;
- (b) Drop boxes or chip trays are stored on the gaming tables;
- (c) Drop boxes are being transported; or
- (d) Drop box contents are being counted.

Video monitors.

(7) The CCTV system shall include a sufficient number of video monitors to simultaneously view multiple gaming tables, the cashier's cage, and count room activities.

Surveillance room.

(8) The licensee shall maintain one or more surveillance rooms with the following minimum requirements:

(a) The surveillance room shall have controlled access and be used solely by the employees of the surveillance department assigned to monitor activities: Provided, That this restriction does not apply to owners or approved supervisory or management personnel.

(b) Commission agents and law enforcement personnel shall be provided immediate access to the surveillance room upon request.

(c) Entrances to surveillance rooms shall not be readily observable from the gaming operation area.

(d) The licensee shall ensure a surveillance employee is present in the surveillance room and monitoring the activities of the operation, via the surveillance room equipment, any time the card room is open to conduct gaming and during the count process: Provided, That the licensee may allow the surveillance room to operate without staff for a period not to exceed thirty minutes per shift for the purpose of routine breaks.

Surveillance activity log.

(9) The licensee shall maintain a record of all surveillance activities in the surveillance room. A surveillance log shall be maintained by surveillance personnel and shall include, at a minimum, the following:

- (a) Date and time of surveillance;
- (b) Person initiating surveillance;
- (c) Time of termination of surveillance;
- (d) Summary of the results of the surveillance; and
- (e) A record of any equipment or camera malfunctions.

Employee sign-in log.

(10) A surveillance room sign-in log shall be maintained to document the time each surveillance employee monitors the card room. The surveillance sign-in log shall be available for inspection at any time by commission staff or law enforcement personnel.

Labeling and storing video and audio recordings.

(11) Video and audio recordings shall be marked to denote the activity recorded and retained for a period necessary to afford commission staff or law enforcement personnel reasonable access. The following minimum retention periods apply to recordings:

(a) Recordings shall be retained for a minimum of seven complete gaming days;

(b) Recordings of evidentiary value shall be maintained as requested by commission staff; and

(c) Tapes documenting jackpot payouts over three thousand dollars shall be retained for at least thirty days; and

(d) Commission staff may increase any of the retention requirements noted in this section by notifying the licensee.

Dispute resolution.

(12) In the event there is not sufficient clarity due to violations of the above requirements, the burden will be on the licensee to prove any action taken was warranted. Otherwise, all disputes shall be resolved in favor of the player: Provided, That a review by commission staff may be requested if the licensee feels circumstances warrant, for example, cheating has occurred

Administrative Order #418 Effective 7/1/03

WAC 230-40-860 Table inventories and procedures for opening tables for house-banked card games. Procedures shall be established to ensure proper accountability of gaming chips and coins stored at gaming tables and for beginning play at such tables. The following restrictions and procedures apply:

Removing and adding table inventory.

(1) Whenever a gaming table is opened for gaming, operations shall commence with an amount of gaming chips and coins to be known as the "table inventory" and the licensee shall not cause or permit gaming chips or coins to be added to or removed from such table inventory during the gaming day except:

- (a) In exchange for cash from patrons;
- (b) In payment of winning wagers and collection of losing wagers made at such gaming table;
- (c) In exchange for gaming chips received from a patron having an equal aggregate face value; and
- (d) In conformity with procedures set forth in WAC 230-40-865 and 230-40-870.

Storing containers and inventory slips.

(2) Each table inventory and the table inventory slip prepared in conformity with the procedures set forth in WAC 230-40-875 shall be stored during nongaming hours in a separate locked, clear container which shall be clearly marked on the outside with the game and the gaming table number to which it corresponds. The information on the table inventory slip shall be visible from the outside of the container. All containers shall be stored in the cashier's cage during nongaming hours: Provided, That containers may be secured at the gaming table if under recorded surveillance.

Keys to locked containers.

(3) The keys to table inventory containers shall be maintained and controlled by the gaming operation

department in a secure place and shall at no time be made accessible to any cashier's cage personnel or to any person responsible for transporting such table inventories to or from the gaming tables.

Opening tables for play.

(4) Licensees shall abide by the following procedures when opening gaming tables for play:

(a) The locked container securing the table inventory and the table inventory slip shall be unlocked by the gaming operation supervisor assigned to such table;

(b) A dealer assigned to the gaming table shall prove the contents of the container in the presence of the gaming operation supervisor assigned to such table and shall compare the count to the "opener," as defined in WAC 230-40-875, removed from the container. The procedures used to prove the chip and coin inventory shall be set forth in the licensee's internal controls;

(c) Signatures attesting to the accuracy of the information on the opener shall be placed on such "opener" by the dealer assigned to the table and the gaming operation supervisor that observed the dealer count the contents of the container;

(d) Any discrepancy between the amount of gaming chips and coins counted and the amount of the gaming chips and coins recorded on the "opener," shall be immediately reported to the gaming operation manager, assistant gaming operation manager, or gaming operation shift manager in charge at such time. The manager in charge shall complete the notification of error slip, which will be verified by security and transported to accounting or the cashier's cage. Accounting will maintain a copy in the log containing the notification of error slips. The licensee shall notify commission staff within twenty-four hours of errors of two hundred dollars or more or if there is a pattern relating to regular shortages;

(e) After the count of the contents of the container and the signing of the "opener," such slip shall be immediately deposited in the drop box attached to the gaming table by the dealer.

Administrative Order #418 Effective 7/1/03

WAC 230-40-875 Closing gaming tables – House-banking. Procedures shall be followed for closing gaming tables that ensure proper accountability of gaming chips and coins. The following restrictions and procedures apply:

Counting chips and coins.

(1) Whenever the gaming activity at each gaming table is concluded for the day, the gaming chips and coins shall be counted by the dealer assigned to the gaming table and observed by a gaming operation supervisor. The entire count and closure process shall be monitored and recorded by the surveillance department.

Recording the count.

(2) The gaming chips and coins counted shall be recorded on a table inventory slip by the gaming operation supervisor assigned to the gaming table.

Table inventory slips.

(3) Table inventory slips shall be three-part serially prenumbered forms and on the original of the slip (closer), the duplicate of the slip (opener), and on the triplicate, which is maintained and controlled by security, the gaming operation supervisor shall record the following:

(a) The date and identification of the shift ended;

(b) The game and table number;

(c) The total value of each denomination of gaming chips and coins remaining at the tables; and

(d) The total value of all denominations of gaming chips and coins remaining at the gaming tables.

Verification signatures.

(4) Signatures attesting to the accuracy of the information recorded on the table inventory slips at the time of closing the gaming tables shall be of the dealer and the gaming operation supervisor assigned to the gaming table who observed the dealer count the contents of the table inventory.

Distributing table inventory slips.

(5) Upon meeting the signature requirements:

(a) The closer shall be deposited in a drop box attached to the gaming table immediately prior to the closing of the table;

(b) The opener and the gaming chips and coins remaining at the table shall be placed in a clear container provided for that purpose after which the container shall be locked; and

(c) The triplicate copy of the table inventory slip shall be forwarded to the accounting department by a security department employee.

VOID procedures.

(6) In the event the closer is voided, the preparer shall void this form by writing the word "VOID" on all copies of the form. All copies of the form shall then be forwarded to the accounting department.

(7) At the end of each gaming day, if the locked containers are transported to the cashier's cage, a cage cashier shall determine that all locked containers have been returned to the cage and adequately secured or, if the locked containers are secured to the gaming table, a gaming operation supervisor shall account for all the locked containers.

Removing drop boxes from tables.

(8) In the event drop boxes are removed from gaming tables at other than the close of the gaming day, they shall be removed at a shift change. A table inventory slip shall be prepared as required above with the incoming and outgoing supervisor verifying the inventory and signing.

Administrative Order #418 Effective 7/1/03

WAC 230-40-895 Key control – House-banking.

All activities related to the operation of house-banked card games shall be closely monitored and controlled. The following restrictions and operating procedures shall apply for control of card room keys to restrict access to areas by unauthorized card room employees.

Specifications.

(1) Each licensee shall install and maintain key control boxes that meet at least the specifications set forth below:

(a) Constructed of metal with a minimum of one keylock mechanism: Provided, That coded key boxes or combination key boxes are permitted;

(b) Be attached to a permanent structure without visibility of hardware used to attach the key box;

(c) Be tamper proof;

(d) Have keys stored therein to be easily identifiable, labeled, and displayed individually in numeric or alphabetic order; and

(e) The physical location of key control boxes may be determined by each licensee. The location shall not permit an individual to gain access to a restricted area that he/she would otherwise not be allowed to enter. If key boxes are located in areas where unauthorized individuals have access, that person may only have custody of the key and open the key box in the presence of the key custodian; or while under camera coverage.

Access.

(2) Individual key control boxes shall be maintained by at least four departments including gaming operations, accounting, security, and surveillance. Access to key control boxes shall be limited to the licensed card room employee(s) responsible for overall supervision or management of the operation for which the box is maintained. Keys shall be controlled in the following manner:

Gaming operations department.

(a) Keys included in the key control box maintained by the gaming operations department shall include:

(i) Key to each pit podium;

(ii) Key(s) to drawers and other locking cabinets located in each pit podium;

(iii) Key to remove the clear plastic cover from the container used to store gaming chips and secured to the gaming tables;

(iv) Key to the second lock on the enclosed storage cabinet or trolley used to store or transport all drop boxes removed from the gaming tables;

(v) Key to all upper tier and lower tier jackpot payout boxes included with authorized card games;

(vi) Key to all electrical control boxes used to maintain authorized card games; and

(vii) Other keys included in the licensee's internal controls and approved by commission staff.

Security department.

(b) Keys included in the key control box maintained by security shall include:

(i) Key to the lock used to secure the count room door;

(ii) Key utilized to unlock and reset the drop boxes from the gaming tables;

(iii) Key to the first lock on the enclosed storage cabinet or trolley used to store or transport all drop boxes removed from the gaming tables to the count room;

(iv) Key to the storage cabinet(s) or other secure facility used to store the card inventory including decks which have not been placed into play and decks removed from play and waiting to be destroyed;

(v) Key to main entry or access door of the card room; and

(vi) Other keys included in the licensee's internal controls and approved by commission staff.

Accounting department.

(c) Keys included in the key control box maintained by the accounting department shall include:

(i) Key to the lock securing the contents of the drop boxes;

(ii) Key to the rear of the locked dispenser used to store the triplicate of the fill/credit slips in a continuous, unbroken form;

(iii) Key to the door to the cashier's cage;

(iv) Key to reset the lock to the drop boxes;

(v) Keys included in the licensee's internal controls and approved by commission staff;

(vi) Keys maintained by the cashier's cage including:

(A) Key(s) to each cashier's window drawer;

(B) Key to the chip drawer or fill bank;

(C) Key to the vault or safe;

(D) Key to the door to the cashier's cage;

(E) Key to the front of the locked dispenser used to store the triplicate of the fill/credit slips in continuous, unbroken form;

(F) Other keys included in the licensee's internal controls and approved by commission staff; and

(G) Key(s) to the dealer tip boxes.

Surveillance department.

(d) Keys included in the key control box maintained by surveillance shall include:

(i) Key to the room used for clandestine surveillance; and

(ii) Key to the storage cabinet(s) or locker(s) used to maintain surveillance recordings of evidentiary value or recordings documenting details of jackpot payouts.

Owner/CEO master key box.

(e) A master key control box may be maintained with access strictly limited to the owner(s) or chief operating officer responsible for exercising the overall management or authority over all the operations of the card room and may include:

(i) All spare or extra keys for the areas noted above.

(ii) Other keys included in the licensee's internal controls and approved by commission staff.

Control log.

(3) Each licensee shall maintain for each key control box, a key control log used to record the issuance of and return of all keys used to control the restricted access areas by card room employees identified. The key control log shall be maintained in the format prescribed by the commission.

Keys to key control box.

(4) Keys to secure the contents of each key control box required above shall be strictly controlled as follows.

(a) There shall be one key for each key control box which shall be controlled by the manager of the department for which the key control box is designated. This key shall be distributed to the manager or supervisor in charge and maintained in their possession when gaming is being conducted.

(b) Keys to each key control box will be maintained in a secure manner as approved by commission staff and documented in the licensee's written internal controls.

(c) All spare or duplicate keys to the key control boxes identified above will be maintained in the master key control box and be controlled by the owner(s).

Electronic key control systems.

(5) Licensees may utilize electronic key control systems, if reviewed and approved in writing by the director or the director's designee.

Extra key control box - emergencies only.

(6) For emergency situations, licensees may maintain an additional key control box which can be accessed on a limited basis to protect the safety of employees. The key control boxes which meet this requirement shall be preapproved by commission staff.

Administrative Order #413 Effective 7/1/02

REPEALER The following section of the Washington Administrative Code is repealed:

WAC 230-40-897 Card Game Promotions –
Procedures – Restrictions.

Administrative Orders for Chapter 230-50 WAC

Administrative Order #416 Effective 9/13/02

WAC 230-50-010 Adjudicative proceedings – Hearings. (1) Adjudicative proceedings shall be commenced for any and all matters wherein the commission is causing administrative charges to be brought against any applicant, licensee or permittee within the limitations to chapter 34.05 RCW as applicable.

(2) The commission shall afford an applicant for a license an opportunity for an adjudicative proceeding prior to denying such application, and shall afford a licensee the opportunity for an adjudicative proceeding prior to suspending or revoking a license.

(3) The commission will afford a person applying to the commission for approval of a pull-tab dispensing device under WAC 230-30-095 an opportunity for an adjudicative proceeding prior to denying approval of such device.

(4) No hearing will be conducted with respect to any adjudicative proceeding unless an application for an adjudicative proceeding and request for hearing is timely filed by the applicant or licensee with the commission in compliance with WAC 230-50-210. The application must be made upon a form to be obtained from the commission, or facsimile thereof, and must be received within 20 days following service upon the party affected by the commission or the director of a notice of administrative charges and opportunity for an adjudicative proceeding. Said document shall contain the maximum penalty that may be assessed should an application not be filed by the party affected. An application for an adjudicative proceeding and request for hearing shall accompany all notices of administrative charges.

(5) If an application for an adjudicative proceeding is not timely filed, then the party affected shall have waived the right to a hearing on the allegations set forth in the notice of administrative charges. The party shall be deemed to be in default pursuant to RCW 34.05.440 and the commission and director may take action against the party not to exceed the maximum penalty as stated in

the notice of administrative charges and opportunity for an adjudicative proceeding, which action shall be final.

(6) The procedures of RCW 34.05.485, brief adjudicative proceedings, shall be used for the following purposes:

(a) All hearings in which the penalty sought by the commission is for a suspension of seven days or less;

(b) Hearings held pursuant to WAC 230-50-015 (stay of summary suspension);

(c) Hearings held pursuant to WAC 230-04-400(3) (failure to pay required gambling taxes);

(d) Hearings held pursuant to WAC 230-04-190 (10)(c) (two part payment plan: Failure to make second payment);

(e) Hearings in which the parties have stipulated to facts or the parties have stipulated to charges, and the hearing is limited to a determination of whether facts constitute violations as charged and/or determination of appropriate penalty to be imposed;

(f) Denial of an application to operate at a higher bingo license class when the licensee has been restricted by WAC 230-20-062;

(g) Hearings held pursuant to WAC 230-20-059 (failure for charitable or nonprofit organizations to contribute required funds to their stated purpose or maintain a positive adjusted cash flow);

(h) Hearings held pursuant to WAC 230-08-255 (failure for charitable or nonprofit organizations to make significant progress);

(i) Denial or revocation of extended card room hours pursuant to WAC 230-40-400;

(j) Denial or revocation of extended bingo hours of operation pursuant to WAC 230-20-170;

(k) Denial of request for Phase II pursuant to WAC 230-40-810;

(l) Repeal of an approved card game pursuant to WAC 230-40-010; or

(m) Where the parties have stipulated to the use of brief adjudicative proceedings.

**WASHINGTON STATE
GAMBLING COMMISSION**

Chapter 9.46 RCW

**CHANGES
For September 2001 Rules Manual**

AMENDATORY SECTION:

Effective June 13, 2002

Sec. 1. RCW 9.46.0205 and 1987 c 4 s 3 are each amended to read as follows:

"Bingo," as used in this chapter, means a game conducted only in the county within which the organization is principally located in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random and in which no cards are sold except at the time and place of said game, when said game is conducted by a bona fide charitable or nonprofit organization, or if an agricultural fair authorized under chapters 15.76 and 36.37 RCW, which does not conduct bingo on more than twelve consecutive days in any calendar year, and except in the case of any agricultural fair as authorized under chapters 15.76 and 36.37 RCW, no person other than a bona fide member or an employee of said organization takes any part in the management or operation of said game, and no person who takes any part in the management or operation of said game takes any part in the management or operation of any game conducted by any other organization or any other branch of the same organization, unless approved by the commission, and no part of the proceeds thereof inure to the benefit of any person other than the organization conducting said game. For the purposes of this section, the organization shall be deemed to be principally located in the county within which it has its primary business office. If the organization has no business office, the organization shall be deemed to be located in the county of principal residence of its chief executive officer: PROVIDED, That any organization which is conducting any licensed and established bingo game in any locale as of January 1, 1981, shall be exempt from the requirement that such game be conducted in the county in which the organization is principally located.

NEW SECTION. Sec. 2. A new section is added to chapter 9.46 RCW to read as follows:

The commission may allow existing licensees under RCW 9.46.070(1) to share facilities at one location.

NEW SECTION. Sec. 1. A new section is added to chapter 9.46 RCW to read as follows:

An entity licensed under RCW 9.46.070(1) which conducts or allows its premises to be used for conducting bingo on more than three occasions per week shall include the following statement in any advertising or promotion of gambling activity conducted by the licensee:

"CAUTION: Participation in gambling activity may result in pathological gambling behavior causing emotional and financial harm. For help, call 1-800-547-6133."

For purposes of this section, "advertising" includes print media, point-of-sale advertising, electronic media, billboards, and radio advertising.

AMENDATORY SECTION:

Effective June 13, 2002

Sec. 1. RCW 9.46.070 and 1999 c 143 s 6 are each amended to read as follows:

The commission shall have the following powers and duties:

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games, to utilize punch boards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend, or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine;

(4) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization to engage in the selling, distributing, or

otherwise supplying or in the manufacturing of devices for use within this state for those activities authorized by this chapter;

(5) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof: PROVIDED FURTHER, That if in a particular case the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission may at any time charge to that applicant such additional fees as are necessary to pay the commission for those costs. The commission may decline to proceed with its investigation and no license shall be issued until the commission has been fully paid therefor by the applicant: AND PROVIDED FURTHER, That the commission may establish fees for the furnishing by it to licensees of identification stamps to be affixed to such devices and equipment as required by the commission and for such other special services or programs required or offered by the commission, the amount of each of these fees to be not less than is adequate to offset the cost to the commission of the stamps and of administering their dispersal to licensees or the cost of administering such other special services, requirements or programs;

(6) To prescribe the manner and method of payment of taxes, fees and penalties to be paid to or collected by the commission;

(7) To require that applications for all licenses contain such information as may be required by the commission: PROVIDED, That all persons (a) having a managerial or ownership interest in any gambling activity, or the building in which any gambling activity occurs, or the equipment to be used for any gambling activity, or (b) participating as an employee in the operation of any gambling activity, shall be listed on the application for the license and the applicant shall certify on the application, under oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application: PROVIDED FURTHER, That the commission shall require fingerprinting and national criminal history background checks on any persons seeking licenses, certifications, or permits under this chapter or of any person holding an interest in any gambling activity, building, or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity. All national criminal history

background checks shall be conducted using fingerprints submitted to the United States department of justice-federal bureau of investigation. The commission must establish rules to delineate which persons named on the application are subject to national criminal history background checks. In identifying these persons, the commission must take into consideration the nature, character, size, and scope of the gambling activities requested by the persons making such applications;

(8) To require that any license holder maintain records as directed by the commission and submit such reports as the commission may deem necessary;

(9) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

(10) To regulate and establish maximum limitations on income derived from bingo. In establishing limitations pursuant to this subsection the commission shall take into account (i) the nature, character, and scope of the activities of the licensee; (ii) the source of all other income of the licensee; and (iii) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes. However, the commission's powers and duties granted by this subsection are discretionary and not mandatory;

(11) To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by this chapter, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;

(12) To regulate the collection of and the accounting for the fee which may be imposed by an organization, corporation, or person licensed to conduct a social card game on a person desiring to become a player in a social card game in accordance with RCW 9.46.0282;

(13) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(14) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.05 RCW;

(15) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized by this chapter;

(16) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent

or lease payments. However, the commissioner's powers and duties granted by this subsection are discretionary and not mandatory.

In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

(17) To authorize, require, and issue for a period not to exceed one year such licenses or permits, for which the commission may by rule provide, to any person to work for any operator of any gambling activity authorized by this chapter in connection with that activity, or any manufacturer, supplier, or distributor of devices for those activities in connection with such business. The commission shall not require that persons working solely as volunteers in an authorized activity conducted by a bona fide charitable or bona fide nonprofit organization, who receive no compensation of any kind for any purpose from that organization, and who have no managerial or supervisory responsibility in connection with that activity, be licensed to do such work. The commission may require that licensees employing such unlicensed volunteers submit to the commission periodically a list of the names, addresses, and dates of birth of the volunteers. If any volunteer is not approved by the commission, the commission may require that the licensee not allow that person to work in connection with the licensed activity;

(18) To publish and make available at the office of the commission or elsewhere to anyone requesting it a list of the commission licensees, including the name, address, type of license, and license number of each licensee;

(19) To establish guidelines for determining what constitutes active membership in bona fide nonprofit or charitable organizations for the purposes of this chapter; and

(20) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

NEW SECTION:

Effective June 13, 2002

RCW 9.46.410 Use of public assistance electronic benefit cards prohibited – Licensee to report violations.

(1) Any licensee authorized under this chapter is prohibited from allowing the use of public assistance electronic benefit cards for the purpose of participating in any of the activities authorized under this chapter.

(2) Any licensee authorized under this chapter shall report to the department of social and health services any known violations of RCW 74.08.580.

NEW SECTION:

Effective June 13, 2002

RCW 9.46.420 RCW 9.46.410 to be negotiated with Indian tribes.

The commission shall consider the provisions of RCW 9.46.410 as elements to be negotiated with federally recognized Indian tribes as provided in RCW 9.46.360.

ADMENDATORY SECTION:

Effective June 13, 2002

RCW 9.46.196 Cheating – Defined.

"Cheating," as used in this chapter, means to:

(1) Employ or attempt to employ any device, scheme, or artifice to defraud any other participant or any operator;

(2) Engage in any act, practice, or course of operation as would operate as a fraud or deceit upon any other participant or any operator;

(3) Engage in any act, practice, or course of operation while participating in a gambling activity with the intent of cheating any other participant or the operator to gain an advantage in the game over the other participant or operator; or

(4) Cause, aid, abet, or conspire with another person to cause any other person to violate subsections (1) through (3) of this section.

NEW SECTION:

Effective June 13, 2002

RCW 9.46.1961 Cheating in the first degree.

(1) A person is guilty of cheating in the first degree if he or she engages in cheating and:

(a) Knowingly causes, aids, abets, or conspires with another to engage in cheating; or

(b) Holds a license or similar permit issued by the state of Washington to conduct, manage, or act as an employee in an authorized gambling activity.

(2) Cheating in the first degree is a class C felony subject to the penalty set forth in RCW 9A.20.021. In addition to any other penalties imposed by law for a conviction of a violation of this section the court may impose an additional penalty of up to twenty thousand dollars.

NEW SECTION:

Effective June 13, 2002

RCW 9.46.1962 Cheating in the second degree.

(1) A person is guilty of cheating in the second degree if he or she engages in cheating and his or her conduct does not constitute cheating in the first degree.

(2) Cheating in the second degree is a gross misdemeanor subject to the penalty set forth in RCW 9A.20.021.

ADMENDATORY SECTION:

Effective July 1, 2004

RCW 9.46.155 Applicants and licensees – Bribes to public officials, employees, agents – Penalty.

(1) No applicant or licensee shall give or provide, or offer to give or provide, directly or indirectly, to any public official or employee or agent of this state, or any of its agencies or political subdivisions, any compensation or reward, or share of the money or property paid or received through gambling activities, in consideration for obtaining any license, authorization, permission or privilege to participate in any gaming operations except as authorized by this chapter or rules adopted pursuant thereto.

(2) Violation of this section is a class C felony for which a person, upon conviction, shall be punished by imprisonment for not more than five years or a fine of not more than one hundred thousand dollars, or both.

ADMENDATORY SECTION:

Effective July 1, 2004

RCW 9.46.215 Ownership or interest in gambling device – Penalty – Exceptions.

(1) Whoever knowingly owns, manufactures, possesses, buys, sells, rents, leases, finances, holds a security interest in, stores, repairs, or transports any gambling device or offers or solicits any interest therein, whether through an agent or employee or otherwise, is guilty of a class C felony and shall be fined not more than one hundred thousand dollars or imprisoned not more than five years or both.

(2) This section does not apply to persons licensed by the commission, or who are otherwise authorized by this chapter, or by commission rule, to conduct gambling activities without a license, respecting devices that are to be used, or are being used, solely in that activity for which the license was issued, or for which the person has been otherwise authorized if:

(a) The person is acting in conformance with this chapter and the rules adopted under this chapter; and

(b) The devices are a type and kind traditionally and usually employed in connection with the particular activity.

(3) This section also does not apply to any act or acts by the persons in furtherance of the activity for which the license was issued, or for which the person is authorized, when the activity is conducted in compliance with this chapter and in accordance with the rules adopted under this chapter.

(4) In the enforcement of this section direct possession of any such a gambling device is presumed to be knowing possession thereof.